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S E V I L L A

**THE CLIENT – HEADHUNTER –CANDIDATE
RELATIONSHIP FROM THE AGENCY THEORY
PERSPECTIVE**

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ABSTRACT

This dissertation posits, theoretically and empirically, that Agency Theory personal and organizational assumptions explain more fully and realistically than any other management theory the relationship in a business triad: Client-Headhunter-Candidate. Moreover, the dissertation develops research on the Executive Search Processes using third parties. This study identifies some situations in this triad relationship that may compromise the whole executive search process. The triad relationship is analyzed in dyads using the headhunter as a hinge between the two other parties. The central hypothesis is that Agency Theory presents more solid arguments and assumptions aligned with real-world situations than other management theories. This argument allows researchers to understand failures in the executive search process, creating the possibility of streamlining processes.

The central hypothesis is reviewed and tested in few stages: first, by theoretical and context reviews on the triad relationship, and then in the dyad, headhunter-client. Furthermore, it tests in part the hypothesis in the dyad headhunter-candidate with data analyses derived from a survey among 202 candidates who have been contacted by headhunters.

This dissertation provides contributions to management theory development with regard to the usage for Agency Theory on triads' scenarios. This research presents the best explanation for a particular business triad like the client-headhunter-candidate triad. This thesis also provides contributions in the field of Human Resources Management. Another important contribution this study provides relates to the practitioners in the executive search profession and the individuals who use them as an outlet to develop their careers.

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CHAPTER 1: INTRODUCTION

1.1 Introduction

1.2 The importance of research related to the Client-Headhunter-Candidate Triad

1.3 The importance of research on the Client-Headhunter-Candidate relationship using Agency Theory

1.4 The importance of research on Executive Search Process using Third parties for Recruitment & Selection and Career Development

1.5 The importance of research on Executive Search Process using Third for Practitioners

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1.1 INTRODUCTION

This dissertation analyzes the relationship between clients, headhunters and candidates, mainly under the personal and organizational assumptions denoted in the Agency Theory (Eisenhardt 1989). It presents two large theoretical context reviews, and then the results of a survey conducted among a group of professionals (N=1775) located in sixteen countries (mainly in the US and Venezuela). These individuals were selected from a headhunter's database on a professional network. This survey serves to test a set of hypotheses entirely related to the headhunter-candidate relationship, part of the triad relationship which has been less explored in previous research.

In the first section (Chapter 2), I present a literature review, on which I connect the circumstances that surround an executive search process, reaching a convergence in regard to the use of Agency Theory as a framework for understanding this triad relationship. Following,

I denote in more detail some documented interactions related to the headhunter-client dyad, explained from my main theoretical framework. Then I develop content with the survey's results. I present the hypotheses linked to constructs like employment status, type of psychological contract between headhunters and the candidate, job search behavior, information sharing between them, and outcomes.

This dissertation challenges the previous research done on this business triad using Coordination Theory. The research presents a group of contributions, which have applications in the research development of the business intermediaries and triads, agency theory literature, the recruitment & selection field, career management, and finally, but no less important, an academic explanation about a group of heretofore unaddressed issues and situations confronted by the practitioner community.

In this introductory chapter section 1.2, I explain the importance of the triad relationship mentioned, providing motives related to the other aspects of the dissertation. In section 1.3, I establish a general linkage between the triad and Agency Theory, setting the importance of using this theory to understand this relationship. Then, in section 1.4, I develop some arguments in which I clarify the research and its significance for recruitment & selection and career development. Section 1.5 develops the connotation of this research with the practitioner's perspective. Section 1.6 plots the purpose of the dissertation. Then, section 1.7 develops the research questions and main contributions. To end the chapter, I provide an outline for the additional chapters and content in this dissertation.

1.2 THE IMPORTANCE OF RESEARCH RELATED TO THE CLIENT-HEADHUNTER-CANDIDATE TRIAD

One of the biggest challenges for organizations is managing talent in the modern labor market

(Cappelli, Keller 2014a). The current labor market includes mobility among qualified individuals (Hamori 2010). Therefore, knowing how that mobility happened is important to companies. This mobility in many cases is related to headhunter's intervention (Clerkin, Lee 2010). The headhunters are part of a three-party relationship or triad between clients looking for particular talent and potential candidates with that talent who without the headhunter is highly probable that they will not engage with each other.

The definition of triads as relations of three parties set by Simmel (1950) has been an important framework to understanding many business relations. These relationships implied individuals commonly known on the business arena as brokers. Simmel's work is recognized as a starting point in the development of the typology for individuals who participate on triads. His research and concepts label the headhunter's role as a "Tertius Gaudens," in other words, a third party who can capitalize from the difference between the others. However, further developing on the topic implied strategies how to overcome these intermediaries using coalitions (Caplow 1968) between the two other parties.

Unfortunately, the relationship between the three parties is a consequence of ignorance or unawareness of the other's existence and (in most of the cases) with only full disclosure to the headhunters, a possible coalition will be almost impossible due to non-collective goal orientation (Porter 1970). I want to emphasize that this unawareness of the others is not the single cause of this relationship, as I will develop on the chapters Two, Three and Four.

In a contemporary research done by Britton, Wright and Ball (2000), on which the relationship studied is similar to mine, the authors have used Coordination Theory as theoretical framework. Consequently, their research considers that all parties involved will need to have aligned objectives in order to achieve a common goal, falling on identical issues considered by Porter (1970). In the same line of analyzing this triadic relation, Khurana (2002) adds to Simmel's

typology a more in-depth knowledge about the “intermediaries.” In his research, Khurana clearly set how the intermediaries (in this case, the headhunters) play an important role reducing information imbalances between the two other parties.

Considering all these previous arguments and researchers, I see gaps in understanding how this triad works and what the real headhunter’s role in the triad is, which is what Simmel’s description of a Tertius Gaudens or an Intermediary that Khurana describes. Knowing how the triad works will clarify the all-intervening parties where they can intervene leveraging from a better position.

1.3 THE IMPORTANCE OF RESEARCH ON THE CLIENT- HEADHUNTER-CANDIDATE RELATIONSHIP USING AGENCY THEORY

Professionals as agents have been researched using agency as a framework (Sharma 1997). Nevertheless, the importance considered by Sharma (1997) is connected to the precondition of knowledge as an element in the exchange of relations, making these types of agency situations different from other traditional typologies. Thus, I consider vital to give at this point a general explanation about agency theory, regardless that on each further chapter, the theory is well developed, adapted to the context and intervening parties.

Agency theory is defined as the situation in which a Principal hires an Agent to act or decide on behalf of the first one performing a duty (Ross 1973a). However, an important issue considered by the theory is information asymmetries. This is defined with the imbalances of information between the principal and the agent (or intervening parties in exchange) (Arrow 1963). Based on this limitation of information the Principal and Agent can act at its own discretion assuming some risk for the other counter party (Jensen, Meckling 1976). This

aforementioned situation is called Moral Hazard (Arrow 1965). In some other cases, due to the limitation of information, the Agent makes the wrong decision on the Principal's behalf, which, in this case, is called Adverse Selection (Akerlof 1970). To avoid these previous situations, the theory proposes the usage of contracts to limit actions and rewards or recompense adherence to the exchange following these bonds.

In order to reduce information asymmetries, there are defined choices "signaling" or "screening." Signaling is a way of information shared in the form of signals (Spence 1973). This is sent by one of the parties to the other, which may modify the behavior of the receiver. Screening is the technique used by economic agents to get information from their counterpart to minimize the information asymmetries (Stiglitz, Weiss 1992).

A seminal paper that I have considered the main pillar for this dissertation is the research done by Eisenhardt (1989). In this article, she sets what is known as the agency theory assumptions, which can be divided into individual and organizational assumptions. The individual assumptions are self-interest, bounded rationality, and risk aversion. Self-interest is known as an explanation of why individuals tend to make decisions based on their benefit. Bounded rationality is the description given to how individuals never make perfect decisions because there is information unknown to them. Risk aversion is human behavior executed when individuals are exposed to uncertainty in the outcomes. Therefore, we tend to choose the less risky decision that may have the least expected harm. Table 1 describes, in essence, the Agency Theory outline.

Table 1 Agency Theory Outline

Key idea	Principal-agent relationships should reflect efficient organization of Information and risk-bearing costs.
Unit of analysis	Contract between principal and agent
Human assumptions	Self-interest, bounded rationality, risk aversion
Organizational assumptions	Partial goal conflict among participants. Efficiency as the effectiveness criterion. Information asymmetry between principal and agent
Information assumption	Information as a purchasable commodity
Contracting problems	Agency (moral hazard and adverse selection) Risk sharing
Problem domain	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g. compensation, regulation, leadership, impression management, whistle-blowing, vertical integration, transfer pricing)

Source: Eisenhardt, 1989.

The organizational assumptions are partial goal conflict, efficiency as the effectiveness criterion, and Information asymmetries among the parties. The partial goal conflict is the situations in which the same goals may be shared by the intervening parties. However, some other goals which are expected in the relationship correspond to their individual agendas. Therefore, principal and agent may be willing to achieve their personal agendas in some cases compromising the original agreement. In regards to the efficiency as effectiveness criteria, nothing other than how parties come up with the best and most efficient ways to create a contractual form may be beneficial for both.

These assumptions are explained in detail along the Chapters 2, 3, and 4. Thus, the theoretical concepts presented above are just an introduction to the theory developed later. The simple propose at this point is to allow the comprehension for the triad relationship.

Considering the agency concepts exposed above, it is a clear agency relationship between clients and recruiters. Their relationship has a contractual element as the theory defines. Even so, in the case of the third party (the candidate) there is not a “de jure” contract with the headhunter. I posed towards a contract which may have similarities to psychological contracts set by Rousseau (1989). In other words, it’s a form of unwritten contract, which values more the temporality of the relationship and the definition of responsibilities to achieve goals.

Moreover, another key element on this matter is the level of dependency developed by the principal and agent in comparison with the candidates. The latter may modify the process outcome at any moment. Candidates at some point can become principals in the triad, subjecting the agent to a second set of controls, which is a concept known as double agency (Child, Rodrigues 2003). Similar situations have been reviewed using agency theory and triads. For instance, these have documented for the marketing service sector (Tate, Ellram et al. 2010), and in the construction industry (van der Valk, van Iwaarden 2011).

I support the main argument that the uniqueness of this work is Candidates as human beings are the “sellers” and the “assets” in this relationship. Given the particular characteristics of these individuals, their decision has a strong effect on their future professional lives and their importance in the triad is immeasurable.

Therefore, maintaining a research of business triads using agency theory, provides far more realistic contributions than other theories which have considered commonalities or mutual goals as assumptions in the triad.

1.4 THE IMPORTANCE OF RESEARCH ON EXECUTIVE SEARCH PROCESS USING THIRD PARTIES FOR RECRUITMENT & SELECTION AND CAREER DEVELOPMENT

Towards the end of the 80's, recruitment and other hiring practices changed (Bonet, Cappelli et al. 2013). A shift from traditional ways of recruitment to the use of labor intermediaries is an example of this change. Among those intermediaries are Executive Search Firms, also known as headhunters; these are firms or “agents whom get paid fee by clients, companies or organizations to help them attract, hire, develop leaders” (Piccolo 2012).

A 2014 report presented by the company Bullhorn (IT and software solutions for the staffing industry), expressed that from 2010 until 2014 70% or more of the respondents (n=1337, Staffing companies) met or exceeded their revenue goals (US and Canada). Another report (American Staffing Association (ASA) 2014) related to the industry, showed that besides the past few years of economic recession, there has been a “vigorous [growth]” in the staffing industry. Along with these important references, companies like Korn Ferry, Boyden, Egon Zehnder, Heidrick & Struggles with large experience in this service industry, among others, have become global firms (Garrison 2005). This suggests that the executive search process is a business practice that impacts companies around the world. This is proven by these firms engagement on non-traditional markets, like higher education and non-profit organizations, in their searches for leadership positions.

The executive search firms growth mentioned above and the high level of globalization (Hall, Beaverstock et al. 2009) coerce the academic community into maintaining research for this important sector.

The HR's functions automatization or E-HRM is a major trend among organizations in the global context (Panayotopoulou, Vakola et al. 2007, Davila, Elvira et al. 2007). However, in the case of recruitment and selection people still play an important role, as they are active candidates (people looking for employment). As I explain and provide evidence in this dissertation, in many cases headhunters consider candidates who are not looking for employment. Therefore, it is important to maintain research on a sector as it can motivate the mobility among candidates.

Another way to understand the headhunters' work is seeing them as intermediaries between organizations looking for individuals with hard to find characteristics and the individuals themselves (Hamori 2010). Using these third parties to do the matchmaking can be expensive, however, due to the level of specialization that some positions require, an executive search firm may be cost efficient (Adler 2003).

Finally, in regards of career development, previous research (Hamori, Kakarika 2009, Hamori 2010, Hamori, Cao et al. 2012, Dreher, Lee et al. 2011) had shown it can be beneficial for candidates who choose to engage with headhunters. These individuals may have better opportunities for career growth and undergo higher career mobility than those without ties with headhunters. Thus, understanding through research how candidates interact during the executive search process is important.

1.5 THE IMPORTANCE OF RESEARCH ON EXECUTIVE SEARCH PROCESS USING THIRD PARTIES FOR PRACTITIONERS

The executive search firms or headhunters are service firms that have been included on those that participate on "contestable markets" (Britton, Clark et al. 1992). These are markets where

there are short barriers to get in or out, non-sunk costs and equal conditions in regards technology accessibility for actual or new entrants (Baumol 1982). It seems like due to some of these characteristics plus the “confidentiality” (Jones 1989, Byrne 1986) that historically have surrounded this group, it can be seen as an occupation with a low level of professionalism.

However, we can see how the Association of Executive Search Firms and Leadership Consultant (International Organization for Executive Recruiters) partnered with the most renowned business schools incorporating their alumni in possibilities of career management strategy (Association of Executive Search and Leadership Consultants (AESC) NAb). Furthermore, they have developed an advanced certificate program for these professionals with Cornell University ILR School (Association of Executive Search and Leadership Consultants (AESC) NAa).

These previous signals from the practitioners in this field, like developing competencies on executive recruitment and creating synergies with business schools is proof there is an increment of the levels of professionalism in this activity, becoming more respectful service providers.

These elements above discussed allow me to considered, how important is it that academia engages in developing more research that explains a more detailed process and the characteristics of this industry. Through keeping an ongoing investigation in this sector, it will eventually translate on the creations of formal academic courses. Consequently, training future professionals, creating streamline operations and process simplifying tasks for practitioners.

1.6 THE PURPOSE OF THIS DISSERTATION

Gerald Roche, whom for many years was the Chairman for Hedrick and Struggles (one of the most recognized headhunting firms in the world) mentioned in an interview back in 1994 that

not all executive search processes end up rightly (Ettorre 1994). On the same line and more recently, Sengupta (2004) raises concerns in regards to “outside hiring agencies” capable of assessing potential candidates well, but may not be able to create a good matchmaking with the job and the immediate supervisor. When an executive search process fails, there are many parties affected: individuals, organizations and society.

In regards to individuals, the headhunters are pointed as creators of a new race of upper-echelon executives who moves from top organizations to others (Luci 2012a). In reality, after reviewing many documents, I have realized for each successful search process, there are between two or three candidates who reach the final stage or shortlisted (Dingman 1993) , but are dismissed. In some other cases, there are positions, which stay non cover. Thus, I may argue that some individuals may develop their career better than others because headhunters (Nazmi 2005), in contraposition to others that have engaged in a process somehow unsuccessful. Failed search processes include those on which candidates make the wrong decision in joining a company that in the short term, may not be what they were expecting.

Therefore, the individuals who interact in this relationship play an important role not only while they are engaged as a potentially selected candidate, but also after the process has ended. Consequently, I consider it important to review what fails for them during the process. It is interesting that there are few papers that consider the candidates’ perspectives for this process (Britton, Wright et al. 2000, Dreher, Lee et al. 2011).

Previously, I have addressed that organizations hire headhunters to execute tasks on which the last may provide solutions with constrain resources (information). An important concern to business is that whenever they decide to outsource a service, will the vendor be able to deliver lasting results. What happened after an executive search process did not end properly? As I explain in the Chapter 3, headhunters base their business on repeating job orders from their

clients. Therefore, each time a search process fails it is possible there would not be another one with the same client. More dramatic is for contingent headhunters (section 2.3) who basically work at their own risk, with no consolation prize.

Another issue triggered when the process fails, is that the client is left with an open position. In many cases, reducing the capability of decision-making for lacking of the right individual or relaying those decisions to others. There are some costs involving the use of headhunters like many other outsourced services. However, there is evidence of a higher cost relating to unfilled positions (Tracey, Hinkin 2008, Jones 1990), more so when these positions require particular characteristics. Therefore, knowing how to reduce the failure rate on executive search processes using headhunters will have positive impacts to organizations.

Confidentiality is a particular characteristic in the executive search industry (Garrison 2005, Jones 1989, Finlay, Coverdill 2002). This common practice has surrounded headhunting for many years, and limited the possibility of formal academic research. However, under the veil of confidentiality (Jamal, Bowie 1995) there are many wrong practices in the professional arena, erroneous actions that may compromise the whole process. It seems like there are still parts of the executive recruitment process that look like a “Black Box”, not allowing outsiders to know how things work. The society requires more transparency every day. Moreover, on issues related to business and individuals, considering these previous arguments, there are foundations to see how important it is for the society learn and discover how these intermediaries operate.

The core purposes of this dissertation is to review and understand how the client-headhunter-candidate relationship is aligned under a theoretical framework of Agency theory with a high level of asymmetries in the process.

As I have mentioned, there are three main slopes that haven been used to develop research in

regards the practice of headhunters. The first group, started in the nineties with topics related to consultant firms, which argued the importance of this service industry and the characteristics. This research was led by Timothy Clark (Durham Business School) along with some retired professors from the Leicester Business School. Secondly, another group (Prof. William Finlay and James Coverdill from University of Georgia) on the late 90s and early 2000, which developed an ethnographic research, actually the most documented and detailed research done in the headhunting industry. Finally, there was a third group that included Monika Hamori (Instituto de Empresas), and Peter Cappelli (Wharton School of Business) which focused on career development and the industry impact for some individuals and organizations. In most cases, they were all contacted during the development of this dissertation, unfortunately due to agenda issues I was only able to meet in person with Prof. Hamori. With the exemption of Prof. Clark that at some point research the headhunting sector using agency theory (Clark 1993), all others have considered different theories. However, this research antecedent didn't contemplate the candidate and a third party. As a secondary purpose of this dissertation is maintaining the conversation and research field that used Agency Theory for triads on the service industry.

1.7 RESEARCH QUESTION AND CONTRIBUTIONS

The main investigation question addressed in this research is as follows:

What Agency Theory arguments and assumptions provide understanding for the client-headhunter-candidate relationship as a triad?

In order to answer this question I did two theoretical-contextual reviews and an empirical research. On the first review, I examined the headhunters as a hinge in the relationship, partially adapting the methodology used by Armenakis & Bedejan (1999). Building over some headhunting industry characteristics and documented and identifiable process (Finlay,

Coverdill 2002, Garrison 2005, Byrne 1986, Dingman 1993) I'm able to use agency theory arguments and assumptions to explain some of the issues like timeframes in the search process, confidentially, information asymmetries created by the client, and the candidates' perspectives about the relationship.

For the second theoretical contextual analysis, I review the relationship client-headhunter. Considering that this is a natural principal-agent scenario (Stiglitz 1987), I took a similar approach to that on the previous review. On this second group of content, I consider situations where the client produce (consciously or unconsciously) information asymmetries. I also explore the ways clients evaluate the services provided by the headhunter and the double principal issue. To that end, I explain and argue the Hidden profile concept proposed.

Systematically, and considering that I had already factored the client-headhunter relationship, it made sense to contemplate another part of the triad. On the empirical research, I chose to review the relationship headhunter-candidate from the perception of the latter, using as a dependent variable the outcomes obtained from the relationship set with the headhunter. These outcomes as I explain are aligned to those recently considered in the HR literature (Saks, Zikic et al. 2015) adapting those to the outcomes pointed in this context. I contemplate this the logical way to complete a research on this triad.

The empirical part mentioned here includes as a starting point the employment status for candidates (Hamori 2010, Sonnenfeld, Ward 2008) that have engaged with headhunters. The employment status is used as an antecedent for the information shared between candidates and headhunters, the efforts done by a candidate during the relationship and the perception of a proposed form of contract that I suggest. These three variables are tested towards the outcomes achieved by the candidate. This chapter's results provide evidence that there are some elements of the psychological contract present in the candidate-headhunter relationship, but also

supports the idea that efforts in looking for a job executed by the candidate during the interactions with the headhunter are related to outcomes.

This dissertation provides contributions to the Management theory development in regards to the usage for agency theory on triads' scenarios. First, because the research presented can identify some situations existing in the context of executive search using headhunters, and explain those under the agency theory, an approach never executed before in this context for a triad. Second, because it maintains the stem related to “double agency” in the service industry, with the particularity that in this triad as I mention in the dissertation the asset of exchange is a human being, which has relevance and decision in the process. I consider this dissertation aligned with the other previous research which combine Agency Theory and Behavioral outcomes (Wiseman, Gomez-Mejia 1998). However, in my case the context is a process on which there are three parties and relates to the service industry.

Ultimately, the biggest theoretical contribution for this research is the possibility to explain a business triad so particular like the client-headhunter-candidate under a theory (Agency) more realistic in the context described.

This thesis also provides contributions in the field of Human Resources Management. First, because it offers an academic review from the executive search process using third party. Second, it explores more in deep the usage of service providers in processes like recruitment and selection. Third, because suggested concepts like the “Hiring Authority” and the “Hidden Profile” which related to issues on HR. Fourth, it explains the role HR units which may play positively or not in an executive search process. Finally, it also identifies a group of situations that negatively affect the interaction with executive recruiters.

Another important contribution this study provides relates to the practitioners in the executive search profession and the individuals who use them as an outlet to develop their careers. Most

of the research available to practitioners in this field tends to be from Executive Search Firms, Association groups or research done by vendors that serve this industry. Therefore, in many cases I argue that it could be some level of bias. This is one of the few researches that have considered the candidates as the main source of information.

Understanding some of the candidate's perceptions of the overall process, and their position in regards to the relationship developed with the headhunters, we are able to provide solutions to the issues in this relationship and keep reducing the informational gaps between the participants.

Finally, but not less important, this dissertation has served to set up a personal research agenda in this topic, and build a strong network of researchers and collaborators with whom I'm actually developing some other investigations.

1.8 DISSERTATION OUTLINE

This dissertation is structured as follows. In Chapter 2, I present the first contextual-theoretical review titled Executive recruitment triads and Agency Theory. In that chapter, I lay the theoretical foundations of this whole dissertation. This section allows me to build upon theoretical assumptions and establishes some links and parallelisms that allow the reader understand how an organizational theory can be applied to a triad. This approach is similar to "Building Theory" suggested by Eisenhardt and Graebner (2007), with the only following difference: instead of utilizing cases, I used a process and a context to develop my arguments. Then considering the approach took by Caplow (1968), I decided to split this triad in dyads using the headhunter as a hinge between the client and the candidates.

In Chapter 3, I present the second contextual-theoretical review entitled "Information

Asymmetries between Clients and Headhunters.” As I have explained previously, the client-headhunter relationship is most definitely a natural principal-agent dilemma. Therefore, I consider it more important to develop more theoretical concepts regarding this dyad. Through this, I have been able to develop a set of testable propositions and turn the conversation into an empirical study of the headhunter-candidate relationship.

For Chapter 4, I present an experimental study entitled “The Headhunter-Candidate Relationship: A Different Form of Agency.” In this chapter, I develop some constructs based on latent and observable variables, which create a model that reflects the candidate’s perceptions about some agency theory issues and assumptions. Here, I develop the research hypotheses, describe the research method, and the results, where I will conclude my findings and discuss those results. Finally, Chapter 5 summarizes all of my findings throughout my dissertation and gives some suggestions for future research.

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CHAPTER 2: EXECUTIVE RECRUITMENT TRIADS AND AGENCY THEORY

2.1 Introduction

2.2 Agency theory and Executive Search Firms

2.3 Headhunters, Information Asymmetries and Payment Schemes

2.3.1 Timeframe

2.3.2 Confidentiality

2.4 Information Asymmetries created by Client Firms

2.4.1 Ideal candidate profile

2.4.2 Employment status for recruiters

2.5 The candidate's perspective

2.6 Implications and Conclusions

References

2.1 INTRODUCTION

In recent years, talent has become a strategic priority for organizations (Guthridge, Komm et al. 2008). The “war of talent” (Faulconbridge, Beaverstock et al. 2009) is at the top of the business agenda as organizations look to attract the most talented executives to lead their businesses. The complexity of this process among the core activities for strategic HR has led to the outsourcing of talent recruitment and selection¹ (Greer, Youngblood et al. 1999). For

¹ I want to clarify to readers that throughout the chapter we use Recruitment and Selection (R&S) indistinctly.

Some academics and practitioners may argue that this is a different process, and I totally agree, but I generate sufficient information in the chapter showing that headhunters may be involved in both R&S activities, therefore, the term should be understood within the scope described.

high-level executives and many other highly skilled employees, the responsibility is shared with third parties that provide recruitment, selection and on-board services. Within the professionals' or practitioners' field, these firms are also known as Executive Recruitment Firms or Headhunters.

Executive recruitment refers to the process of attracting and selecting candidates through direct and personal contact by a specialist consultant who acts as an intermediary between the employer (often referred to as client or customer) and the candidates for the available position (Britton, Wright et al. 2000). An industry report by the Association of Executive Search Consultants (Association of Executive Search and Leadership Consultants (AESC) 2014) forecasted that these service providers would generate around US\$11 billion in 2014, showing a steady growth of revenue since 1978. The same report also detailed high expectations in maintaining growth for this industry, mainly due to demographic shifts in developed countries. Considering these socio-economic facts and their role in providing highly qualified, hard to find talent for organizations, the importance of research on this topic cannot be overstated.

Clerkin and Lee (2010) highlight the scarcity of research on the executive search process. Theories like transaction cost theory (Williamson 1981), resource base view (Barney 1991) and coordination theory (Malone, Crowston 1990) have been applied in the few studies done on this topic. Transaction cost theory frames headhunting as outsourcing (Finlay, Coverdill 1999), while resource base view explains why young companies poach executive talent from competitors (Rao, Drazin 2002) and coordination theory helps to understand the expectation gaps between the intervening parties (Britton, Wright et al. 2000).

Another perspective that sheds light on the executive search process with different angle is agency theory (Jensen, Meckling 1976), which explains cooperative efforts between organizations and agents (Eisenhardt 1989), like executive search firms (ESF). This

cooperation in part is the information exchange. Information is considered a commodity that may be exchanged for money; thus in the recruitment process there is a knowledge imbalance between the three parties: client, headhunter and candidate. This imbalance is known in agency theory as information asymmetry (Stiglitz, Weiss 1992), which may be defined as the dissimilarity in knowledge between two parties in an economic or social interaction with respect to outcomes (Shapiro 2005).

While other theories explain why companies use headhunters, coordination and agency theories are more concerned with what happens during the process. Unfortunately, coordination theory assumes common goals between the intervening parties; an assumption that, as I show below, does not always hold true. Agency theory reflects this and offers robust explanations of behaviors exhibited by the parties in this triad: clients, headhunters and candidates. A triad can be defined as an exchange that involves three parties buyer - intermediaries – seller (Simmel, 1950). Typically, agency theory has been used most often to explain dyadic relationships, but I submit that using it in the context of this triad is a contribution to the field is of value to the study.

There are two main purposes for this chapter. First, I discuss the applicability of agency theory in the context of this triad. Second, to study this triad, I use examples documented in the context in which information asymmetries play an important role. In addition, I present testable propositions to demystify this process. A key contribution is a theoretical discussion about what happens during the executive search process using headhunters, giving partial explanations to the argument posed by Sengupta (2004) there are so many companies (headhunters) that are able to assess potential candidates reasonably well, but not reach the matchmaking with their customers.

The structure of this chapter is as follows: In the first section, I review agency theory in the

realm of recruitment and selection of executives using headhunters. I examine a triadic instead of the traditional dyadic process. Next, I review the headhunter's role and the payment schemes used with possible effects on the process. The third part elaborates on information imbalance from the candidate's angle. To conclude, I present implications, conclusions and potential areas for future research.

2.2 AGENCY THEORY AND EXECUTIVE SEARCH FIRMS

Agency theory can be defined as a mode of interaction between two (or more) parties, where the agent is hired or appointed to make decisions on behalf the principal (Ross 1973b). This concept has been used to describe the interaction between the headhunter and the client or employer (Britton, Ball 1999). The theory focuses in part on how information differences or asymmetries (Akerlof 1970) may affect goal alignment between principal and agent (Eisenhardt 1989). This situation is commonly present in many employer-employee or client-vendor relationships.

These asymmetries between principal and agent can lead to two main situations: moral hazard (Arrow 1963) and adverse selection (Akerlof 1970). Moral hazard can be conceptualized as the benefit extracted from taking advantage of another, using information from related interactions (Holmstrom 1982). In some cases, either party's partial or total ignorance may augment asymmetry. Moreover, the eventual discovery of the advantage may terminate the relationship (Baker 1996). Adverse selection describes situations when, due to the information imbalance, the principal is not fully aware of the quality of the service or product offered or chosen by the agent. Therefore, the decision may produce undesirable results (Akerlof 1970).

Britton and Ball (1999) used agency theory to describe the client-headhunter relationship. Clark (1993) used information asymmetries and the potential outcomes (moral hazard and adverse selection) to explain quality in service industries. Due to the intangibility and

perishability of the services, information asymmetries exist because service providers (including headhunters) may be able to offer high or low quality products, but the buyer is unable to fully assess the value of such characteristics. However, while Britton and Ball's (1999) and Clark's (1993) papers were pioneering in using agency theory to study ESFs and their clients, the candidate's role, arguably the most important actor in the process, was not included.

Research in agency theory has considered situations in which the agent has responsibilities with two principals who may have interactions between them (Hallock 1999). Dual agency is defined as the condition in which an agent has two sets of controls or principals (Child, Rodrigues 2003). The agent, thus, may compromise the level of trustworthiness between each party, thus creating potential conflicts of interest. In other words, the dual agent has responsibilities to both parties. Dual agency has been used in service sectors like real estate (Miceli, Pancak et al. 2000, Evans, Kolbe 2005, Heisler, Kallberg et al. 2007) where the relationship between sellers, realtors and buyers – another triad - is scrutinized. Other researchers also mention dual agency in relation to corporate board compositions and governance (Child, Rodrigues 2003, Hallock 1999) and psychiatrists in the military (Hines, Ader et al. 1998). Furthermore, triads and dual agency have been documented in the literature using supply chain as context. For instance Gunawardane (2012) and van der Valk and van Iwaarden (2011) have studied service triads in the context of supply chains and construction. Using agency theory in the headhunter's context is, therefore, a logical extension with highly valuable implications.

Agency theory presents human and organizational assumptions that permeate the theory (Eisenhardt 1989); the human assumptions are:

- Self-Interest: individuals tend to give priority to their own benefits, even when they are

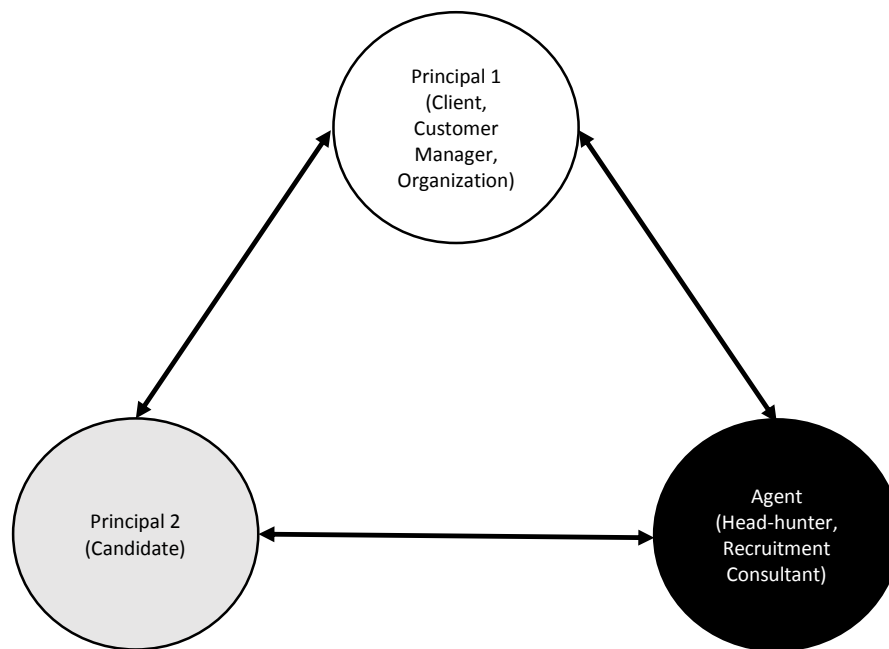
performing on behalf of someone else (Smith 2010). Also, in the case of executive recruitment, the individualistic culture (Miller 1999) related to: career advancement for the candidates, possibility to fulfil job order (search) by the headhunter, and locating the right candidate in the adequate timeframe and salary by the client makes this self-interest play a preponderant role during the relationship engagement.

- **Bounded Rationality:** decisions made by individuals are based on incomplete information; in many cases, the decision is not optimal (Simon 1957). This is core issue in this relationship. First, this bond is based on initial information asymmetries among the parties. Second, because the information is partially disclosed during the process. And finally, as all information is disclosed not necessarily imply that the client chose the optimal candidate, or the candidate accept an equal or better than expected position.
- **Risk Aversion (Arrow 1965):** individuals tend to take less risk in decision making if a potential outcome has a negative level payoff.

Eisenhardt (1998, p.59) mentions the following as organizational assumptions:

- **Partial goal conflicts among parties:** both principal and agent interests are based on the human assumptions described above. Thus, whether they engage in a contract or not, their ultimate interest may be different.
- **Efficiency as the effectiveness criterion:** in other words, the selection of the governing contract for the relation may be based on behavior (process) or outcome (result). Actors will choose whatever contract is the most efficient for their interaction.
- **Information asymmetry between the parties:** from the beginning, the principal engages with the agent assuming the latter has better knowledge about the particular task; thus, asymmetry is embedded.

Figure 1 Relationship between customer-headhunter-candidate from a double agency perspective.



Source: own elaboration, based on Eisenhardt, 1989 and Britton, Wright & Ball, 2000.

Each of these assumptions is present in the headhunting process. Figure 1 shows the interactions in the triad. For instance, research by Coverdill and Finlay (2000) describes the low level of risk taken by headhunters to secure job orders from customers. They describe how final goals for intervening parties are different: for the client, obtaining a suitable candidate and for the headhunter, providing service with the possibility of repeating business. In relation to human assumptions between headhunters and candidates, Luci (2012) discusses how interactions may benefit headhunters and clients, for instance, knowing the salaries in the labor market. Therefore, I consider that a distinguishable contribution to this study is to be able to connect these two dyads -client- headhunter and candidate- headhunter- and see them as a “triad case” client-headhunter-candidate not only based in the transactional, short term, but also in the relational long term.

2.3 HEADHUNTERS, INFORMATION ASYMMETRIES AND PAYMENT SCHEMES

Executive search firms can also be characterized by specialization, in particular areas such as information technology, marketing and human resources (Garrison 2005). Other headhunter characteristics are that they provide efficiency and expertise-based advantages (Hamori 2004). In relation to efficiency, headhunters tend to have databases with sizable pools of potential candidates for executive positions or experienced individuals with rare competencies. They are then able to expend less time and resources than most human resources units. Their duties include all the tasks needed to have a positive outcome. For instance:

...prescreening candidates according to the criteria define by the client, provide access to a larger pool of potential candidates who otherwise may not be interested, promote the client firm to candidates or groups, diffuse incorrect or potential damaging information, and serve as channel of communication during the recruitment and selection process between client and candidates. (Africa, Major 1988)

Also, in some cases, they are chosen by clients to execute “lateral” hiring (Gardner, Stansbury et al. 2010), also known as “poaching” candidates from competitors.

Another justification for using an external source is based on Transaction Cost Theory. Considering the low frequency of an executive search process and how the newly hired employee’s competencies are so rare, organizations prefer “buying” talent instead of “making” it (Williamson 1981). In some cases, it is more costly to develop within the company a replacement for a leadership position than bring a good candidate from the outside (Finlay, Coverdill 1999). Besides economic reasons, there are other reasons why companies may use headhunter, for instance, to legitimize the selection of a candidate for an upper echelon position

when stakeholders require an external search (Khurana 2002b).

To understand the triangular relation, I describe how this process happens. Some authors (Jones 1989, Finlay, Coverdill 2002, Garrison 2005) agree on general features of the recruitment process using headhunters. First, the client requests candidates with a particular profile from the consultant. These candidates must have a set of skills and competencies that satisfy the client's expectations.

Next, the consultant will prioritize the search for those candidates in their database and network of contacts. Those candidates who match the desired profile may be interviewed and screened about the position; then those open to the possibility of working for the client will be included in a "short list" of potential candidates. Following contractual conditions, the consultant will then present a short list with candidate dossiers. With this information, the client evaluates potential fit and proceeds to interview those candidates they deem best. Once the client recognizes their most desirable candidates, they proceed to make an offer. If accepted, the candidate initiates the client's internal recruitment process or onboarding. At this point, the consultant may monitor only the culmination of the process; but, in some cases, they may help with the onboarding (a process by which organizations help new employees adapt to their new positions in an organization).

Finlay and Coverdill (2002) say that headhunters have to make a "Double Sale": candidates to their customers and vice versa. These roles are similar to those of brokers, with the major difference that their "products" - candidates and clients - can share information or keep it to themselves. Headhunters act as "Tertius Gaudens" or "happy third parties" (Simmel 1950) capitalizing on the interaction between client and candidate and ideally placing them in a better position by putting buyers and sellers in the same context. This headhunter brokerage allows them to act as an agent for the candidate (as well as the client), therefore, triggering what I

defined in the previous section as “Double Agency.” This moment is the trigger for an increase in information asymmetries between the three parties.

Towards the end of the process, the headhunter is described as the “Visible Hand” (Finlay, Coverdill 2002) and often acts as a mediator between the other two parties. At each step of the information, sharing process-getting information from clients and candidates, selecting likely candidates, interviewing and ensuring offers are made, asymmetric information and moral hazard may become an issue. These issues may be reduced, increased or modified based on each executive search firm’s contractual and other preferences.

Agency theory research (Eisenhardt 1989) emphasizes how important it is to review the payment scheme used in the process. Dingman (1993) divides headhunters into two big groups: “Retainers” and “Contingents.” Retainer search firms are those that charge a periodic fee and often have exclusivity during each of the sub-processes of the search. The exclusivity and the intention of keeping customers in the long run constitute great incentives for seeking optimal results, i.e., finding the best available candidate to suit customer requirements.

“Contingency recruiters” are those firms that only get paid if the position is filled successfully (Garrison 2005); their fees are totally dependent on their outcome. These headhunters do not receive exclusivity in their search and they may be competing with other firms also performing a search for the same client (Finlay, Coverdill 2002). These types of recruiters tend to perform searches for mid-to low-level positions, compared to “retainer headhunters” who aim for higher level positions.

Considering agency theory’s organizational assumption of efficiency in the selection contract type, contingent headhunters are almost solely based on outcomes, while retainer headhunters are rewarded by a mix of the outcomes and behavior (processes) that they deliver and exhibit.

This situation is consistent with a report published by Bullhorn Inc. (2014) (Software company focused on CRM² solutions for headhunters) that suggests that “retainers” do searches faster than “contingents.” Also, retainers complete more assignments than contingents. This is also in line with a report by the Association of Executive Search Consultants (Association of Executive Search Consultants (AESC), 2011), in which they compared benefits between retainer and contingent headhunters. The capacity demonstrated by retainer headhunters regarding the process, the speed, the quantity of searches provided and, most importantly, long term relations with their customers, leads us to believe that they tend to manage information asymmetries better. Another evidence that may be considered to support the idea of reduced information asymmetries by retainer headhunters can be how best firms are rated in some rankings. The most influential headhunters (Bloomberg Business 2008a, Bloomberg Business 2008b) and more important firms (Garrison 2005) tend to be retainers. I argued that retainer firms lay on their quality recognition in using this payment scheme, and their results tend to satisfy their clients, consequently reducing information asymmetries with them. Therefore, I present my first set of testable propositions:

P.1a Executive recruitment searches using retainer firms exhibit reduced information asymmetries.

P.1b Executive recruitment searches using contingent firms exhibit increased information asymmetries.

² Customer relation management can be defined as a data base management tool that allows for increase in customer retention or customer partnering (Sin, Alan et al. 2005).

2.3.1 Timeframe

These propositions leave open the possibility that retainer firms may also manage unbalanced information and can generate moral hazard situations. For example, time to deliver results is an important indicator in this industry (Bullhorn 2014). Based on the urgency to fulfill the position, client and headhunter should define an initial time frame. Previous research has reported the importance of time to produce results as a quality element expected by clients (Fish, Macklin 2004). I also suggest that knowing how urgently services are required is consistent with the human assumptions of the theory; this time frame can be used by headhunters or candidates to extract rents from the client.

For instance, the headhunter's self-interest may afford higher priorities to a particular search. Also, adding rationality, the urgency of the position to be filled may impose larger constraints on the decision making process. Ultimately, the headhunter may exhibit different behaviors to manage the situation. For instance, if the time frame is short, the headhunter could produce candidates with a lesser likelihood of person-position or person-organization fit than if they took more time to identify candidates. This argument diverges from Kristof-Brown et al. (2005), on which they argued that recruiters' perceptions of candidates person-organization fit are low in validity. However, my position is aligned with evidences presented by Carless (2005) on which she advocates for the need of more information early in the recruitment process to develop better fit perception, therefore with more time the headhunter may develop a better person-position fit. As quality in the person-position fit is likely a function of information shared, I offer my second proposition:

P.2 Executive recruitment searches with defined or longer time frames for execution reduce information asymmetries.

2.3.2 Confidentiality

Fish and Mack (2006) considered the high importance of confidentiality in the headhunting process. In fact, confidentiality is of high importance in managing information from client firms to candidates and vice versa, when acting as messengers, buffers and mediators between them. By itself, the term “confidentiality” implies unbalanced information. Indeed, this has been a major limitation to carrying out research in this industry. Moreover, under the veil of confidentiality, not all interactions are honest (Jamal, Bowie 1995). I may argue that, in some cases, the actors in the process use this confidentiality as a shield to limit access to information. Therefore, this confidentiality may have positive or negative consequences during the executive recruitment process.

There are many cases in which confidentiality towards the candidates harms the process. Volpe and Tucker (2004) state how limiting information given the potential candidate may hamper the evaluation of whether a position is desirable to them or not. A second scenario could be that the consultant gives excessive information that allows the candidate to negotiate from a stronger position, opening the door to opportunistic behavior or moral hazard. A third scenario would be when the consultant creates false expectations in the candidate, and the latter makes decisions (e.g. resigning from present job) without a firm commitment from the hiring client. On the other hand, in some instances, those levels of confidentiality may not even exist in search processes in which full transparency may be required. For example, some searches in education, nonprofit organizations or a few government agencies cannot guarantee confidentiality due to regulations or organizational preferences.

Headhunters may produce better process the candidates if they provide precise and clear information about their clients, similar to what has been called realistic job previews (Breaugh

1983),³ but they should always strive to maintain the client's confidentiality if requested (National Association of Executive Recruiters 2014). I introduce my third proposition:

P.3 Executive recruitment searches with high levels of confidentiality increase information asymmetries.

I have presented some situations that show how information asymmetries can be originated by headhunters. However, this situation still have two other members in this triad; I now turn to a discussion of how clients' actions also affect the process.

2.4 INFORMATION ASYMMETRIES CREATED BY CLIENT FIRMS

Clients play a very active role in the triad. Based on the report published by the Association of Executive Search Consultants in 2011 (Association of Executive Search Consultants [AESC], 2011a), 68% of their customers have an in-house unit that may perform recruitment and selection processes, usually the HR or personnel department. Their client firms are in multiple industries or sectors, as well as in multiple countries (Faulconbridge and Hall *et al.*, 2008).

A common denominator for many organizations that hire executive recruiters is the partial or complete failure of succession planning (Khurana 2001, Khurana 2002b, Byrne 1986). Succession planning has been defined as the leadership developing internally within an organization to guarantee that there will be people for the upper-echelon positions in the future (Charan, Drotter et al. 2010). Many times headhunters are contacted by customers when there is an urgent need for a replacement.

³ Realistic job preview (Premack, Wanous 1985) can be defined as all positive and negative information in regards to a position that employers provide to potential candidates.

In some cases, headhunters are called to perform searches because of conflicts of interest between clients and their current employees. Third parties may be the best choice for protecting the clients' interests (Sengupta 2004). To illustrate, a position may be actually covered, but the company may try to find a more suitable replacement, in cases like new marketing officers or positions related to changes in the business model. A company that is changing its strategy may realize that current employees lack the necessary knowledge, skills and attributes for its new chosen direction; however, companies may decide to maintain or retain someone even if a replacement is hired. Another example is when a technical or leadership position that requires high levels of confidentiality towards any stakeholder opens. Many companies attempt to manage the process outside the organization. In all cases, the main information providers are the clients.

What is clear is that client firms are generally responsible for initiating the process by giving the "job order" (Finlay, Coverdill 2002). Qualitative research by Hamori (2002) addressed three roles of "*clients*" during an executive search process using third parties. She argues there are three important roles played by client firms: ultimate decision maker, executor of the search steps and input (information) provider. In the first role, ultimate decision maker, clients are the ones responsible for choosing among the candidates short listed by the headhunter; the client's decision will override any of the headhunters' suggestions.

In the role of executor of the search, Hamori (2002) describes how clients manage the interview process. They have control of this situation. In some cases, the headhunter may try to influence candidates, but clients will be the ones that will ultimately make the candidate confident about this potential outcome (staying in the process and eventually accepting the position. Finally, as an input provider, the client provides continuous feedback regarding the candidates and services rendered. For instance, in providing feedback about candidates after the first

interviews, the client lets the headhunters know how suitable the candidates were. Furthermore, at the end of the service, an input is given. This may correct any potential mistakes for further searches.

2.4.1 Ideal candidate profile

Input from the client (once the process is closed) may help the candidate's onboarding process, avoid early termination or reduce turnaround in the position. I submit that the information provider is a decisive role for the client, because if the information given to the headhunter and the candidate is limited or unclear, information asymmetries will be increased. Therefore, the headhunters' duties are beyond the short-term, transactional relationship. In other cases, the headhunter may have to exert extra effort due to limited information from the client. For instance, the principal might not provide enough information about the skill set the ideal candidate should have (Williamson, Wachter et al. 1975).

The ideal candidate profile includes three characteristics. Two have already been developed by Finlay and Coverdill (2002): Knowledge, Skill and Attributes (KSA) and Fit. KSA or specifics are the technical characteristics that give evidence to the employer that the candidate will be able to perform the task; they are usually defined in the job profile. The fit (Rynes, Gerhart 1990) is a form of adaptability that the ideal candidate will have in order to adjust to the organizational culture of the client's firm and to the particular job. In both cases, these factors are measurable. However, I also consider that there is a portion of this ideal candidate's profile often not provided by the client; what has been defined as the "Hidden Profile", concept that I develop in the section 3.6. This includes all the client's biased perceptions about a group of candidates who may have a specific race, gender, education, etc. These are not usually disclosed by the client, but by "screening" the headhunter may be able to identify them before presenting candidates.

This information is vital to creating a narrower and more precise shortlist of candidates. Williamson *et al.* (1975) argue that not being clear about an ideal candidate's characteristics may trigger moral hazard from the agent, because the headhunter will know how complicated the task will be and, consequently, he or she will find justification to increase the price of the service. The partial disclosure of information may happen consciously or unconsciously. However, it may also open the door for opportunistic behavior by the client firm, because its managers may use the lack of information to blame the headhunters if the process fails. More formally, my fourth proposition states:

P4: Executive recruitment searches that have an extensive ideal candidate's profile reduce information asymmetries.

2.4.2 Employment Status for Recruiters

For many companies, the employment status (employed or not) is an important factor during the recruitment process. For instance, employers tend to consider candidates to be more suitable if they are employed (Eriksson, Lagerström 2006) at the moment that they are contacted by the headhunters. Clients can also use information created by other parties to generate an opportunistic situation. Previous research (Behrenz 2001) has shown that many candidates are employed at the moment they engage in an executive recruitment process using third parties. However, in some cases, this employment status may generate information asymmetries between the client firm and potential candidates. Specifically, when a candidate is employed he or she may be more adverse to the risks associated with considering other jobs. On the other hand, unemployed candidates may be more collaborative during the executive search process, because they do not have the safety net or the reputational risk that employed candidates have.

Based on this mobility, I argue that, at times, the best candidate may not be found in other organizations but in the labor market. Mergers, acquisitions or other similar events may cause

perfectly effective and productive individuals to experience a spell of unemployment. Other candidates may leave their employers because of reasons not related to the executive's reputation, or their organization's performance. Regardless of the reasons, it is conceivable that very suitable candidates may be temporally unemployed. As such, unemployed candidates may be more collaborative during the process, for instance, engaging with the headhunter and the client. This is aligned to agency theory because the risk aversion for an unemployed candidate is lower due to the self-interest in obtaining employment. However, from the client's perspective, unemployed candidates are under appreciated because they may send the wrong signal to potential employers.

Employment status can create opportunistic behavior from the client firm as well. For example, clients may offer compensation below the original salary expected. When clients do not mind the candidate's employment status (employed or not), the process tends to be less asymmetric for all the parties involved. Clients are able to expand the potential pool of candidates. Agency theory suggest that a salary offer below the one originally disclosed by the headhunter can generate moral hazard on the client's part and a bad beginning for the relationship between employer and the employee. This may be minimized if a preliminary salary is included in the realistic job preview disclosed by the executive search firm to the potential candidate.

This gives rise to my proposition:

P.5 Executive recruitment searches that include unemployed candidates reduce information asymmetries with the headhunter but increase the asymmetries with the client's firm.

I present now a candidate's perspective of the ongoing problem.

2.5 THE CANDIDATE'S PERSPECTIVE

The candidate can be considered the product or service that the headhunter offers, while his or

her placement is the outcome. However, there are important characteristics that a candidate needs that can influence the outcome. Finlay and Coverdill (2002) call these “Hot Buttons.” They use this term to refer to specific skills and experiences that create positive signals for future employers. These include a high level of managerial knowledge and knowledge of the nature of the organizations. Mobility from one organization to another, whenever required (Murphy, Poist 1991), is also an important characteristic. Candidates should have portability of their knowledge, skills and abilities (KSA) and not be specific to their current organization (Groysberg, Sant et al. 2008). Another characteristic is adaptability (also called adjustment by Coverdill and Finlay (1998). Even if the skills are of vital importance, this flexibility is a must; it has a high weight among the characteristics of potential executive candidates. Customers will choose candidates who can bring from their previous assignments qualities that have enabled them to be high performers. Such characteristics are expected to allow them to replicate past successes in a new organization with a different set of circumstances.

Independently of the candidate’s characteristics emphasized by Hamori (2010) or the particularities of some candidates described by Garrison (2005), what makes candidates homogeneous is that they are human beings. Therefore, they are more likely to exhibit the human assumptions described by Eisenhardt (1989): self-interest, bounded rationality and risk aversion. These can be more transcendent and decisive in a triad context, because the candidate may use the safety net (easy to be marketable in the executive market) provided by his or her characteristics (high level of education, network, tenure, previous experience with well-recognized organizations and international exposure (Hamori 2010)) to obtain additional benefits in the search process.

Candidates may also try to assess their market value as a potential candidate by participating in a search process just to receive an offer and eventually use this as leverage to renegotiate

with their current employer (Finlay, Coverdill 1999). Or candidates may refuse to continue the search process regardless of the economic impact (usually a significant, positive increment in income). Moreover, candidates can use their knowledge of intention to quit (self-interest) to engage in an executive search process that may be time consuming (bounded rationality). The potential candidate pursues the relationship with the others (headhunter and client), even with the possibility of losing their current employment due to lack of commitment with the existing employer (risk aversion). Intention to quit can be defined as the perception of probability felt by an individual, to leave the present employer in the short future (Vandenberg, Nelson 1999). Unfortunately, due the nature of the process, the creation of a false potential candidate is possible, which may jeopardize future services with the client firm. Therefore, it is almost imperative that the headhunters reduce or eliminate this type of candidate from the pool and shortlist because they do not have goals aligned with the headhunter.

I may also argue that in some cases, due to excess information sharing between candidate and client, the first one may take advantage of the situation. Networks in the world of executives have become an important aspect to consider when choosing candidates: “As a manager moves into a leadership role, his or her network must reorient itself externally and toward the future” (Ibarra, Hunter 2007). These networks or connections may play an important role in the candidate’s outcome during the recruitment process using headhunters. This access to information through networks can be highly valued for career success (Seibert, Kraimer et al. 2001b). I contemplate that this career success in the context (client-headhunter-candidate relation) is related to obtaining a higher salary in a new job venture. This argument is anchored in previous research done on this topic, For instance, proactive people tend to have career initiative which is positively related to salary progression (Seibert, Kraimer et al. 2001a). Individuals who use sponsor mobility (using others to change jobs) tend to obtain higher salaries (Ng, Eby et al. 2005).

Therefore, it can be in the self-interest of a candidate to bargain for a greater salary offer, even if that compromises staying in the search process with the headhunter (bounded rationality) risking a salary offered which is higher than his actual, but lower than the expected through the information managed. For example, if the candidate knows through his or her network any privileged information about the client, the candidate may use this as a bargaining tool to negotiate the initial offer. In a situation like the one previously described, there is a clear possibility that moral hazard will appear.

I now present my sixth proposition:

P.6 Executive recruitment searches using only employed candidates increase information asymmetries with the headhunter.

2.6 IMPLICATIONS AND CONCLUSION

Considering agency theory, and the human assumptions mentioned by Eisenhardt (1989) discussed in this chapter, I propose a different perspective on how to understand the process or interactions between these parties. Perhaps this chapter can answer the question posed in the introduction by Sengupta (2004) about why many executive search processes are not successful. The answer may rely on the analysis of these interactions in which all parties initially may have similar goals, but in reality have different agendas. I posed that headhunters in many cases think that just because a candidate may be a good fit for their client not necessarily mean is the best candidate for them. Other possible answer to Sengupta's question may rely on the client's better knowledge by the headhunter. A good way to in depth this knowledge is by reviewing past searches, to highlight best practices and common characteristics for further candidates. Finally in the same line, clients must understand that a long term relationship with headhunter may boost the possibility to produce better results.

I consider it important to note that this triad relationship (exchange that involves three participants) tends to be long term (relational), therefore, double agency allows theoretical research along this line. For instance, for the headhunter, maintaining a long term relationship with a customer is the key factor. Also, headhunters may see any potential candidate as a potential customer. Moreover, clients may try to engage in a long term relationship with headhunters that produces positive results. For instance, it is more likely that when a headhunter provides a service as expected, the headhunter develops a better sense of the kinds of individuals that their clients may be looking for. Another important aspect is to open a discussion about whether retainer or contingent payments provide better solutions, and if so, in what ways. This definitely has important implications for the practitioner community.

The chapter addressed time frames in the search process. I understand that my position may contradict some traditions in the executive search firms industry. However, the timing issue is one that warrants further discussion in this sector.

In considering the ‘ideal candidate’ profile in an executive search process, anecdotal evidence from practitioners argues that there are no tried and true methods for determining this. Conversely, I posit that this issue plays a part in simplifying information asymmetries during the process, thus increasing the information sharing between client and headhunter. Perhaps in narrowing down what could be considered an ideal candidate’s profile, information imbalances between all parties could be reduced substantially, however, this could jeopardize the headhunters’ role. For instance, if clients found new methodologies by which to reach ideal candidates, in theory the numbers of searches using headhunter could be reduced.

It seems that the big distinction between a candidate’s employment status during the process could be a topic for further analysis by practitioners and researchers, especially when considering the role of ethics. For instance, I argue that clients could use headhunters to

discriminate against some individuals, due to their employment status or the “hidden profile” mentioned before.

Another important implication that this chapter arises is related to the “Double Agency” issue. As I addressed in the chapter, this is not a new concept. However, in my case has dramatic implications. Headhunters find candidates to clients, but they have to sell clients to candidates. In what point is the right equilibrium of information about each other disclosed to both parties? Clearly the agency fiduciary role for the headhunter is with the client, but in some point, they may have to push somehow the client or candidate to make a final decision, in some cases exacerbating potential doubts. This is definitely a field for further research, the ethics in this profession.

I would like to point out that my research has two main limitations. First, in regards to adverse selection in the executive recruitment process, I think this may be minimal. I base my arguments on two main situations: When a client decides to engage in an executive search process, the selection of the agent (headhunter) is based on previous experience and/or referrals, and therefore the information asymmetry tends to be partially offset. Also, if the outcome (candidate selection) is poor, there are some guarantees (for instance, replacing candidates, re-doing the whole process or waiving part of the professional fees). On the other hand, the adverse selection from the candidate’s perspective is minimized by the information disclosed by the client and the headhunter during the process and, ultimately, by opting out of the selection or company (even after being hired, if needed). Therefore, I mainly focused my attention on the moral hazards instead of adverse selection. This may be an issue that could be addressed in the future.

The second limitation is the high level of confidentiality in this sector, i.e., executive search firms. This has an important effect on the research of this topic. Notwithstanding this, more

academic research about this service that plays such an important role in many modern organizations is warranted.

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CHAPTER 3: INFORMATION ASYMMETRIES BETWEEN CLIENTS AND HEADHUNTERS

3.1 Introduction

3.2 Agency theory assumptions that can be considered to shape Hidden Profiles

3.3 Knowledge, Skills and Attributes core element on Information Asymmetries

3.4 Quality in the Principal-Agent relationship: How to reduce informational asymmetries?

3.5 “Double Principal:” Moral Hazard and the informational asymmetries by the Hiring Authority and the Human Resources Department

3.6 The Hidden Profile, an important part of the information asymmetries

3.7 Discussion

3.8 Conclusion and Implications

References

3.1 INTRODUCTION

Despite the corporate world's financial crisis in last the two decades, executive search companies have stayed active and in some cases show increased growth, such as the market in the United States (U.S. Census Bureau).

Companies looking for an executive successor outside the organization tend to experience significant changes in strategy (Wiersema 1992). Therefore, deciding how to reach outsiders is an important issue for organizations. Companies can benefit by investigating this process of how these executives come to these organizations. Little academic research has been done to keep the topic of company executive searches as a trend, but there is still practical evidence that demonstrates how companies manage their interactions with headhunters or executive search

companies (Finlay, Coverdill 2002, Freeman 2010, Garrison 2005, Jones 1989). Although these are important theoretical foundations, few of these investigations touch on the reasons why these interactions are unsuccessful.

A concern that this chapter seeks to solve (at least partially) is why many executive search companies evaluate and generate suitable candidates and, nevertheless, are not able to achieve the perfect match with the client's needs (Sengupta 2004), going so far as to lose future assignments. My investigation focuses on these causes and their consequences, but it begs to question the following: is it possible that the failures of this process are due to limited information about the client (consciously or unconsciously); eventually limiting the performance of the headhunting firms? If this is the case, then the objectives may provide an answer to this dilemma, which are illustrated in the following paragraph.

The objectives of this chapter, as aforementioned, focus on the importance of understanding the knowledge, skills, and attributes (also known as KSA) of the necessary candidates for the position the organization wishes to fill, the identification of the appropriate candidate, and the impact that a good business relationship between the client and headhunter has on the result. In this chapter, I also developed the concept of the HIDDEN PROFILE as a variable that explains the results of the headhunter's selection process.

Apparently, the solutions to this problem in the hiring of executives using headhunters have been directed toward the candidate, but have not sufficiently considered other participants. Therefore, it is possible that these problems may be resolved by studying the relationship between the executive search company and the client.

My work proposes a research model that involves several variables, investigated in different theoretical perspectives, with the addition of what I have termed the Hidden Profile. The main theory used to anchor the research is the Agency Theory, and its assumption of asymmetric

information. I also propose the use of methods such as “Screening” (a term that will be explained and developed in the appropriate section) in an attempt to explain to professionals the importance of knowing the client, especially the Hiring Authority.

The contributions of this chapter can be divided into several theoretical arguments regarding how the external elements can help to construct a “block” that the asymmetrical information must overcome. Furthermore, it will produce tests in addition to “Screening” (Stiglitz 1975) that, together with its importance in economic theory, also has value as a method for overcoming the informational gaps. In regards to professionals or practitioners, this chapter tries to help define “the hidden profile” in Recruitment and Selection, presenting possible explanations to the community of executive search companies on how to connect the information not defined in the selection of adequate candidates and, finally, to help produce better results in this process.

This chapter is organized in the following way. First, I present the body of theoretical knowledge, which exposes the perspectives of agency theory that are used in the research. Next, I explain a set of implications as far as preparing to participate in the executive search company process. Subsequently, I develop a theoretical framework to define a suitable relationship between headhunters and clients. Then I describe the interaction between the hiring authority and headhunters. I also consider how human resource departments can act negatively as a type of speed bump during the process. Then, I define the concept of the hidden profile and its potential effects on the result of the process. I finish by presenting a discussion of my arguments and the conclusions of this research.

3.2 AGENCY THEORY ASSUMPTIONS THAT CAN BE CONSIDERED TO SHAPE HIDDEN PROFILES

Jensen and Meckilin (1976) define the agency relationship as a contractual agreement in

which one or more person (the principle(s)) delegate another person (the agent) to accomplish a task or service in their name, partially entrusting the decision and administration authority to the agent.

The primary problem, which this theory presents, occurred when the interests of the principal and the agent are not aligned, generating situations of asymmetric information between the parties, allowing some to take advantage of the situation, eventually causing moral damage to one of them and/or an adverse selection in the decision to be made.

As Eisenhardt (1989) indicates, the information management is one of the initial contributions of Agency Theory. In fact, this theory presents many factors related to my research, among which I can mention:

- The existence of a principal and an agent (Britton, Ball 1999), in this case the principal (either the Human Resources Department or the Hiring Authority), and the agent is the headhunter.
- The asymmetric information is presented in the relationship between the Principal and the Agent. The exchange asset is the information or the access to it. Basically the headhunters, based on certain information given by the client, will have to generate possible candidates to fill a vacancy. Depending on the quality of the information provided by both sides and the exchange of information, there may be different results (Stiglitz 2001).
- The moral hazard can be seen in several ways, with respect to the headhunters and their moral practices, Lim and Chan (2001) in their research present evidence that the headhunters “are willing to strictly adhere to a select set of ethical values, both in absolute terms as well as in comparison with the other non-headhunters and executive providers.”

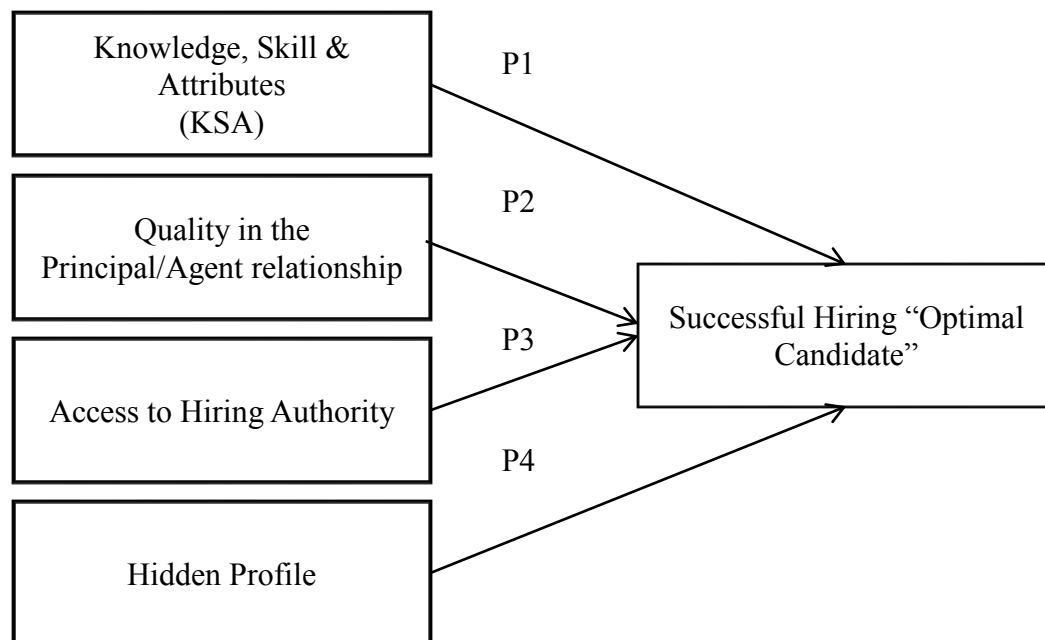
On the other hand, Sengupta (2004) presents evidence that the headhunters are free of moral hazard with respect to the conflict of interest with the client for fear of losing the contract, and

that, with it being a paid service. The primary moral hazard is evident in regards to the efforts performed by the executive search company to identify a candidate.

These are, as far as agency theory goes, the influential factors in this chapter. Questions that may arise related to this framework are: What happens with the adverse selection? The case is that the adverse selection in the headhunter industry is minimal.

Therefore, I can argue that during the process, there is some possible adverse selection, although based upon the typology of the executive search companies known as “retainers” (explained later in the article), the typology to which I refer in this research, must be resolved at some point. Lastly, the type of contract does not affect the central element, the information.

Figure 2 Propose Research model for Chapter 3



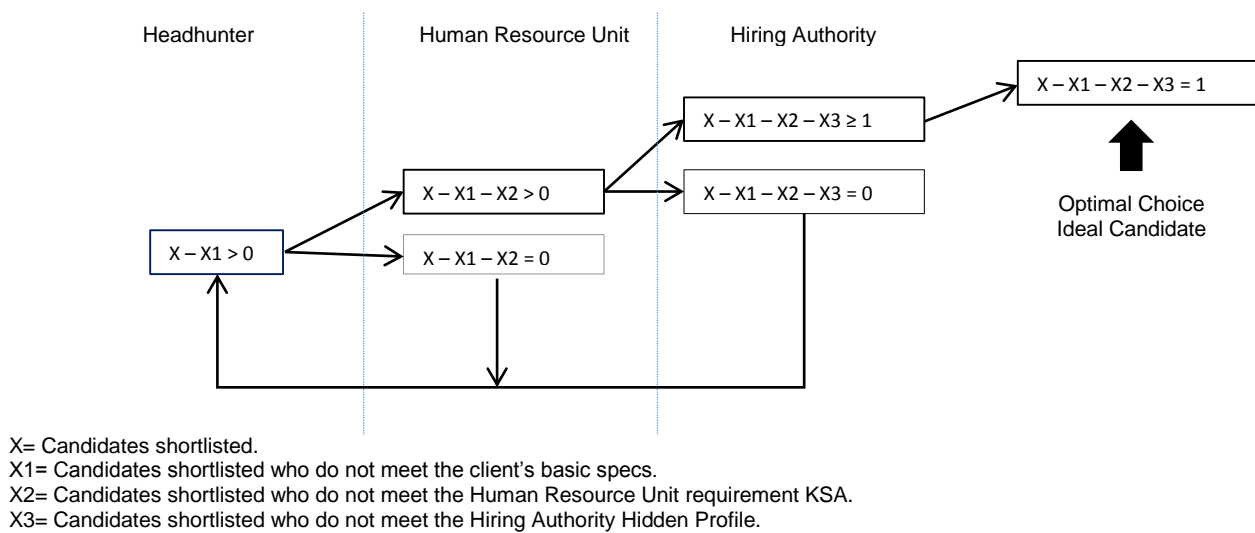
Source: own elaboration.

In order to keep my research within the same theoretical framework, I may be able to recommend the testing of proposals developed in the chapter using Screening (Stiglitz 1975) as a possible partial explanation for my research model when the information is asymmetrical

(See Figure 2).

As it can be seen in Figure 3, each one of the parties involved in the process employs some type of filter in the group of potential candidates. Even so, I believe that this process is repetitive and generates a valid result each time. I could argue then that this repetition tends to establish a pattern of good candidates for each hiring authority or decision maker.

Figure 3 Filters in each step of the process per intervening party



Source: own elaboration.

Screening is a tool for the extraction of information not shared among the selection processes of executive search firms.

Taking into account previous approaches, information is the basis of this chapter and its asymmetry the modifier of the results. Therefore, I'm inclined to use agency theory and its related assumptions as the framework for this chapter.

3.3 KNOWLEDGE, SKILLS AND ATTRIBUTES CORE ELEMENT ON INFORMATION ASYMMETRIES

Job Orders are the starting point in the client - executive search company relationship. This

subject has been previously documented in research performed by Finlay and Coverdill (2000) and bibliographically by Garrison (2005). The Job Order, in most cases, comes to the executive search firm with an attached file, the position profile, which emphasizes the general characteristics minimally required of each candidate for the position.

Nevertheless, beyond all the elements included in the Job Order, this chapter aims to establish this, as the human resources department and hiring authorities (Finlay, Coverdill 1999) much of the time cannot provide the information that the headhunters need, which they call “soft skills”(Sharma 2009).

These soft elements contrast with the concept of “fit” (Dingman 1993), which are all the personality elements that may make a person a more attractive part of the organization, especially in relation to a potential candidate. I can argue that this compatibility is part of the description of the position or position profile. I may, likewise, include the technical skills necessary for the desired functions, also known as the knowledge, skills and ability (KSA).

These previous arguments raise the question that, if the Human Resources Department only provides a description and position profile, so the headhunters can prepare ahead of time this condition of “empathy” or fit, could this situation pose a threat to a successful hiring? This empathy can be accurately demonstrated in the interviews; final interviews are considered a good practice in human resources management (Huo, Huang et al. 2002).

The tendencies show that headhunters are inclined to perform selective recruitment (Breaugh 2008), so their efforts are more efficient. As agents, they will have to apply a first filter based on the Knowledge, Skills and Attributes (KSA), which is why the headhunters will look for some signals. Those indications allow them to perceive how their candidates will be if join their client's organization.

The headhunters have to produce candidates, who at a minimum meet the professional profile requested by the Human Resources Department and then have to make sure that the potential candidates also fulfill the "hidden profile."

These expositions have two different implications: *initially* the headhunters must develop to a set of tools and techniques that allow them to obtain the missing information or "hidden profile" from the Hiring Authority. *Second*, the Client (Human Resources Department or the authority they employ), who must maintain registries of those soft skills, which in the long run can help future searches and the obtaining of more precise results.

Considering the importance of Knowledge, Skills and Attributes (KSA) as the preliminary piece of information shared between the parties, I present my first proposition:

P.1 The understanding of the Knowledge, Skills and Attributes (KSA) by the headhunters is negatively related to informational asymmetries in the selection of the ideal candidate.

Therefore, considering previous research, there are arguments to test that a well-defined position profile will improve the results of the executive search process using headhunters. Now, I present the elements to understand what can be defined as a good headhunter-client relationship, and the resulting implications.

3.4 QUALITY IN THE PRINCIPAL-AGENT RELATIONSHIP: HOW TO REDUCE INFORMATIONAL ASYMMETRIES?

What causes a client to call a headhunter? Many professionals would affirm that it is a simple necessity to fill a position, which, for some reason, could not be complete by the Human Resources Department. At the end of the day, professionals in this area must "realize that they

face serious limitations in the labor market” (Showkeir, Showkeir 2006). Therefore, using agency theory as a framework, the Principal (Client) will ask for the services of an agent (Headhunters) when the Principal (as a whole) is incapable of finding a particular talent (due to information deficiency).

There is evidence that shown how headhunting is as many other services industries a business based upon reputation, recommendations and repeat business (Britton, Ball 1994). On the other hand, it can be seen headhunters or executive search companies as Producer Service Firms (PSF) conceptually basing their advantage on the reputation and knowledge of their workforce (Faulconbridge, Beaverstock et al. 2009).

In this perspective, another research (Nazmi 2005) shows that the basis of the probable relationship is founded upon: the creation of contact networks, the pursuit of industry’s evolution, and that the headhunters have a strong database with excellent latent candidates. Thus, the first element to measure a good relationship between executive search companies and clients is the amount of repeat business.

In this regard, it is important to clarify that this chapter primarily considers executive search companies under the "retainer" payment scheme, meaning that a payment is received, most of the time beforehand, independent of the result of the process, or whether or not they find an adequate candidate (Dingman 1993).

The fact that I focused on “retainers,” is based upon the high level of client loyalty, the high degree of repeat activity, and personal recommendation as an important source of the assignments. These payment systems should not be considered in the research as an additional variable, merely as a distinction between two well-defined executive search company groups.

Both the academic (Khurana 2002a) and professional (Berger 1987) scope agree that the flows

of information and bidirectional communication are essential to produce high-quality results. These are only possible thanks to the interaction between parties. Therefore, both groups (retainers and contingents) assumed that the informational asymmetries have negative results for the process.

Keeping in mind the previous arguments, I pose that the client can measure the relationship with the search process, as well as with the executive search firms, with the following elements:

- Experience: this is the capability to constantly have a better yield than other competitors, being able to produce concrete results and, finally, to replicate the results in different surroundings and clients (Ericsson, Prietula et al. 2007). The characteristics previously mentioned are also included in the approaches demonstrated by Shanteau *et al* (2002). This is frequently used as the argument for the advanced mitigation of risks by the principal or client.

- Service: this refers to the variety of products and services that executive search companies can offer, seen another way, what is the value proposition from a headhunter compared to others. For example, background verification services and psychometric candidate exams, among others. This differentiation can assist the Principal in choosing among a large number of agents.

- Quality: Britton *et al* (2000) explains the quality of the executive search processes that are handled incorrectly and can lead to the selection of the wrong individuals (adverse selection). Therefore, the quality is measured in two aspects, the result (what the client receives) and processes (how the candidate is found).

- Mitigation of Risks: Considering the delicate nature of some positions and that the organizations (clients) are vulnerable to the risks of public knowledge or scrutiny, the headhunters will have to reduce or diminish the possibility of risk by perfectly controlling information and to a high level of confidentiality.

All these previously described elements have been considered by Hall *et al* (2009). They can be considered as an outline for the client's expectations. I primarily emphasize the elements of quality and mitigation of risk because the exchange of information has a more profound impact in comparison with the other two.

Therefore, I see theoretical arguments that the client-headhunter relationship will always have asymmetrical information, which is without a doubt a “market failure.” When this happens, the greater asset in the exchange between parties is information. To avoid or minimize this market failure, clients tend to use agents who have already worked for them.

All these arguments allow me to reveal my second proposition:

P. 2 The previous performance of the Agent (Headhunter) is positively related to future searches with the same principal (Client).

Now, after clarifying how to measure the relationship between the Client and Headhunter, I can establish that when a measurement of the quality of this relationship is superior, the possibility to contact the hiring authority and establish the hidden profile are greater, resulting in a more efficient executive search process.

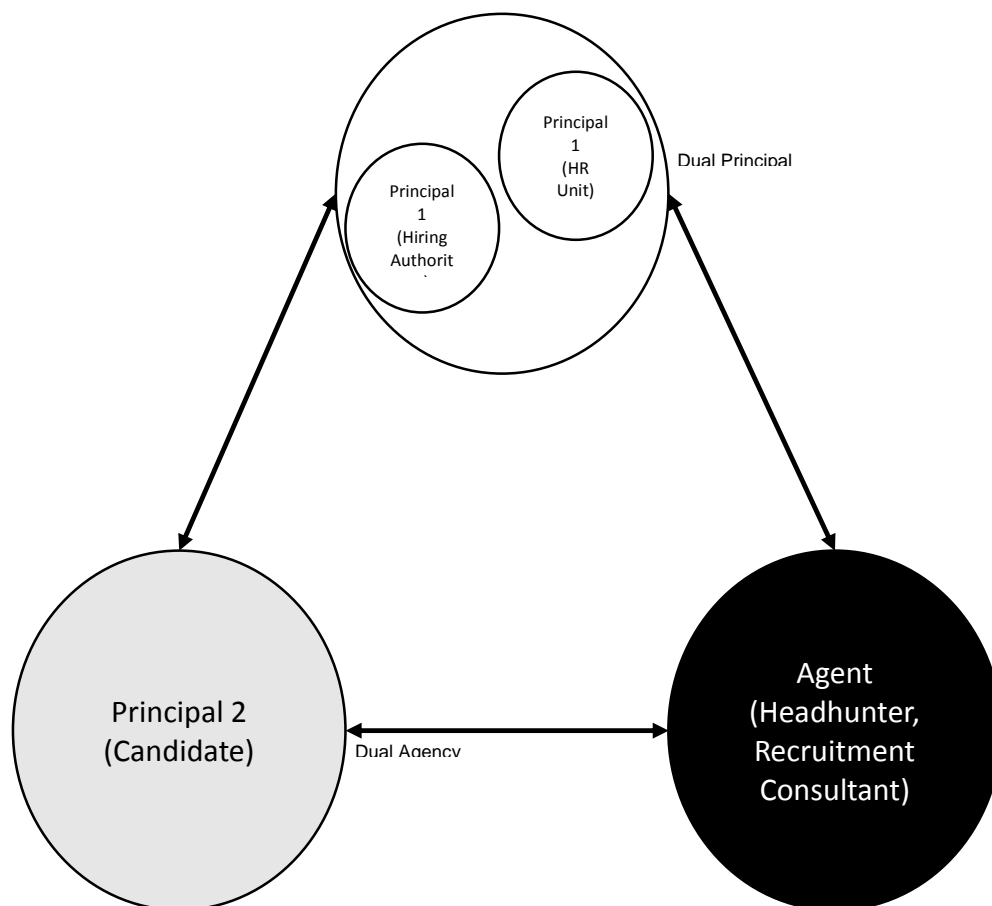
3.5 “DOUBLE PRINCIPAL:” MORAL HAZARD AND THE INFORMATIONAL ASYMMETRIES BY THE HIRING AUTHORITY AND THE HUMAN RESOURCES DEPARTMENT

It seems then, that previous successful results by the headhunters, having a suitable KSA profile and offering quality service is sufficient to guarantee results. Nevertheless, many times these elements are not enough, engaging properly with the clients firm may also be mandatory.

First, if a headhunter performs a search for a C-level position (i.e. CEO, CFO, CIO) then the hiring authority will be any of the members of the Board of Directors (Khurana, 2002b) or the executive who will be leaving the organization. For that reason, the headhunter will have several people with special characteristics to cover.

Secondly, if the position being searched for by the consultant is a mid or high level position, two parties could intervene as a client: the Human Resources Department and the Hiring Authority. Consequently, there could be a Double Principal-Agent situation (See Figure 4).

Figure 4 Double Principal-Agent Diagram



Source: own elaboration.

After reviewing the relevant research in the topic, I have discovered that there is no clear definition of the hiring authority. Therefore, I propose the following concept: *the individual who, all*

conditions being equal, and following the requirements and human resources policies, chooses between a group of possible candidates, which one is the best candidate to fill a vacant position. They will be most likely a direct reporting figure for the position. The hiring authority will be the primary decision maker in the hiring process.

The question that arises at this point is, why it is important to the headhunter made a differentiation between the hiring authority and the HR unit? The answer is information, the information speed, flow and the coordination efforts may compromise the process. Therefore, the objective is considering the human resources unit as an “intermediary of information” (Kauffman, Subramani et al. 2000).

The argument here is how the headhunter executes the search process gaining access to the hiring authority and subsequently to more information, without compromise the potential relation with the HR unit as future vendor. I pose to see two principals with only one fiduciary responsibility from the headhunter. This situation is not new to economics is similar to the arguments presented by Aghion & Tirole (1997) when they set a “Formal” and “Real” authority in the organizations. The formal management in a recruitment process using headhunters will fall on the HR Unit, but the real authority will be in the hiring authority.

Either the HR Unit or the hiring authority may exert control over the process. It is not a collaboration effort, but a strategic decision (which can increase, depending on the level of the position to fill). Both the headhunters and the human resources department share responsibilities in the result with the hiring authority (in one hand, the headhunters may not receive a new work order or the client may demand a guarantee clause. On the other, the HR unit may be perceived as not attending their internal client needs).

Having said all of this, I present my third proposal:

P. 3 Access to the hiring authority is related to positive search process.

This potential access to more information can be seen by the headhunters as another opportunity to fill any gap left in the position profile or the KSA, and previous working relationships with the same client. In fact, I can affirm that if access to the hiring authority is not permitted, but the Client indirectly reveals the hidden profile, and the headhunter will use the information.

3.6 THE HIDDEN PROFILE, AN IMPORTANT PART OF THE INFORMATIONAL ASYMMETRIES

Although executive selection can be seen as a chain of individual decisions (with individual criteria or filters), the fact is that it can also be easily seen as a group decision.

The concept of a hidden profile has already been used in the field of social psychology in the concept of a situation in which a part of the information is shared between group members before meeting each other, but no member can decide with only handled by one of the group members. The members of the group must make a consensual decision, but no member can make a decision with only the individual information. Therefore, the possibility of making an optimal decision is mediated by sharing the non-shared information in the discussion (Stasser, Titus 1985).

Now, I am going to extrapolate this concept to the three elements (Headhunter-Client-Candidate) in the triad. It is very probable that all of them will have the KSA and organization attributes at hand, but only the hiring authority will have the decision to choose one of the candidates filtered by the executive search company and the human resources department.

The position's hidden profile is all the personal characteristics of the candidate and the

attributes that can trigger the hiring decision by the hiring authority, in regard to a group of candidates with similar KSA elements such as ethnicity or race, marital status, affiliations, University alumni status, industries, political position, sexual orientation, social club memberships, and affinity groups, among others.

In some other cases these social similarity attributes (Coverdill, Finlay 1998), often called "chemistry," with the difference of that the chemistry is developed during the interview process. The **hidden profile is present even before initiating the process**. These elements can sometimes be considered as "selection bias" or "discriminatory questions," which is why I argue that the hiring authority is not willing to share this information in advance to the other members of the group (headhunters and the human resources department, whatever is the case).

It is important to mention the research developed by Dreher *et al* (2011), in which they found evidence that subjects like race, gender and minority status, are non-recognized sources of bias. Moreover, in the same article, there is evidence that ties these subjects to mobility (in reference to changes from one employment opportunity to another) and compensation.

Using a "modification" (Davies, Dick et al. 1999) of Luft's (1969) "The Johari Window," the consciousness of this selection bias or discriminatory questions can be located in quadrant II (the Blind Spot, where others can see the things that we don't realize), III (Hidden Quadrant, things that we know, but do not reveal to others) and IV (Unknown Activity, neither we nor the others are conscious of certain behaviors or motives).

Consequently, it is not irrational to think that the hiring authority is not conscious of the probable bias. In the end, this individual is the one who is going to interact with the potential candidates. This situation may end on preferring candidates comparable with the hiring authority.

A possible explanation for why the hiring authority tends to give priority to socially similar

candidates is related to the “prospect theory” (Kahneman, Tversky 1979), which explains that people tend to make the decision to assume the risk when giving important weight to the future value of their verdict.

Thus, using social similarities as a proxy, the hiring authority may think that the person with whom they share these elements should yield a similar performance to the person making the hiring decisions.

The hiring authority is more often adverse to risk when choosing a probable candidate, since they can see the positive result (Huber, Neale et al. 1987) with the candidate with social similarities that coincide with the hidden profile.

Based upon the previously elaborated arguments, I present my last proposal for this chapter:

P4: The understanding of the Hidden Profile by the headhunter is positively related to the selection of the optimal candidate.

Therefore, in order to achieve the understanding of the hidden profile the headhunter may use Screening. This allows the executive recruiter to learn as much as possible from the hiring authority in order to map the characteristics non-disclosed. Some examples of characteristics to be identified via Screening:

- Background characteristics related to the professionals coupled with a direct report to the hiring authority.
- The personal decorative elements in the hiring authority's office or workspace (for example: photographs, sports memorabilia, Documents or Degrees on the walls, books, among others).
- Evaluations in regard to the last positive experience during the hiring of another person in a direct-reporting position.

In the end, any information that may help the headhunter discover the hidden profile, positively affects candidate selection. Considering the lack of homogeneity between the candidates (Stigler, 1962), more information can make the difference.

What I have defined as the hidden profile, in my opinion, will determine in part, the quality with which the hiring authority will later measure the result. The headhunter being an intermediary in this business relationship, it's important to have the sensation that the quality is well defined (Akerlof, 1970).

3.7 DISCUSSION

The concept of a “hidden profile” is a cemented construct which considers what the client often wants, although the headhunter unfortunately cannot provide, a candidate who turns the position profile or KSA, the fit and all the characteristics not directly revealed during interactions. The concept is in accordance with the theory considered by me, along with other strong sources in management literature. In my opinion, repeated processes and interactions between parties (client and headhunter) may reduce or help this asymmetries. I am sure that there are other factors that can also affect the desired result. These factors not considered, I see them as the externalities of the employment market or the business atmosphere in which the client may be developed.

Another aspect that this chapter did not take in to account was the interaction between the headhunter and the candidate and how this can affect the process before and after the hiring decision. I discuss this relationship in the following chapter.

During the literature review and the development of the concept “hidden profile” I observed in common with the theme of “stigma,” an investigational subject that generally touches on ethical points of view. It will take time for the executive search industry to not be able to remove the

guardian ethos, in the end the quality of service is fundamentally based upon giving the client what it wants.

Therefore, the deepening research on these aspects would help to continue receiving possible solutions to the executive search processes that leave the clients and the headhunters with a "bad taste" in their mouths. Besides providing corrections to irregular situations, being able to confirm that although the relationship that has been described is, by nature, potentially full of asymmetrical information, this can be overcome using concepts of economic theory such as Screening.

I think there can be agreement in regards that the position profile is without a doubt an incredible piece of information; at the very least technically since without a clear profile, it appears that the headhunter would be like "sending paper airplanes nowhere." On the other hand, my review tends to see that, in addition to all the development of recruitment and selection methods used by human resources and headhunters, there is still work to be done.

In the long run, the "Double Principal" dilemma argued in this article can trigger a difficult decision-making process for the headhunters, if the balance is more inclined toward the human resources department or the hiring authority. Considering that Agency Theory has been proven using laboratory experiments (Eisenhardt, 1989), my proposals could possibly be verified by this method. Nevertheless, the control of the effect of variables would have to be very meticulous, but I definitely perceive compatibility with my proposed model and possible experimentation. The theoretical argument of this work can, in part, try to offer solutions to what was stated at the outset, that many headhunters can easily present a large number of candidates to the client, although the client may not be sufficiently satisfied with the solution provided.

3.8 CONCLUSION AND IMPLICATIONS

The ups and downs in the modern organizations have not reduced the importance that headhunters provide to these enterprises. Nevertheless, new tendencies in social media have made a complete change in their organizational role. This does not mean that what they do is taken for granted. Thus, their existence is not questioned, but their sustainability is compromised. Executive search companies must keep their proposal value at a high level to continue “matchmaking” or pairing.

This chapter presents a contribution to human resources professionals in regard to a few issues. In the first place, explaining to professionals that, in addition to the technical aspects of the individual work order, they must work much more on the fit evaluation, and understand the real needs of the clients. Second, the headhunters and clients must understand that this is a relationship that generally is worth the trouble in the long term, I encourage them to evaluate this relationship after some interactions or searches.

In order to mitigate the risk associated with the first and second assignment or work order, they should begin with positions that have the lowest level of exposure. Another possibility to mitigate this risk is having both the clients and executive search company take the time to get to know each other, sometimes rushing the search without this mutual knowledge can result in the selection of a candidate who technically is ideal, but he does not fulfill the “hidden profile.”

Professional considerations are related to the ties created by human resources department, who must understand that they and the headhunters must "row" in the same direction and therefore, participating in a rivalry against one another will affect the result and the possible interaction with the hiring authority in future searches.

I have contributed to the literature by more deeply investigating the interactions between the executive search companies and clients. I also used Agency Theory to a particular situation in the selection of executives, which have only been considered in a few previous works.

I have presented two concepts, the “hidden profile” and “hiring authority,” that may raise some questions, which will allow for the presentation of new research with other variables or units of analysis.

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CHAPTER 4: THE HEADHUNTER-CANDIDATE RELATIONSHIP: A DIFFERENT FORM OF AGENCY

4.1 Introduction

4.2 Agency Theory

4.3 Employment Status

4.4 Information sharing between Candidate and Headhunter

4.5 Job Search Behavior and the Process.

4.6 Psychological contract between the Candidate and Headhunter

4.6.1 Performance Dimension

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4.8.3 Methodology

4.9 Results

4.10 Discussion

4.11 Limitations and Suggestions

References

4.1 INTRODUCTION

The interaction between Executive Recruiters and Candidates during an executive search process is considered an important element for the construction of the management labor market (Beaverstock, Faulconbridge et al. 2010). In some cases, the relationship between

Executive recruiter and Candidate has significant implications to mobility in managerial and career development (Luci 2012b), mobility being the ability to move from one position to another.

The bond among Executive Recruiter and Candidates has been researched considering “common goals” (Britton, Wright et al. 2000) a central factor to achieve positive outcomes. Such outcomes would involve entering the candidate into a new position for which he or he is well suited, and provide a well suitable candidate to the client for the recruiter. However, due to the nature of this relationship, it is also probable that both parties may not have similar agendas. Executive recruiters are known as Headhunters. Executives Search firms are intermediaries hired by Clients to perform search, selection and placement (Beaverstock, Faulconbridge et al. 2012) of upper-echelon positions (Candidates) in the organizations. In contrast, Finlay & Coverdill (2000) provided evidence that headhunters do searches for positions at different levels. Therefore, they search for candidates in all kinds of positions.

Another part of this relationship is the Candidates (candidate). These are individuals who come from respectable and large firms, with similar position denominations or function than the client’s needs (Hamori 2010), in most cases employed. However, not all candidates that engage with headhunter are working. In some cases they may be unemployed or in the middle of “career transition.” In fact, it is a common discussion topic among the executive recruiter practitioners. These parties (headhunter and candidate) engage in many cases when the headhunter has been hired by an organization or firm to locate potential candidates. When the headhunter finds one candidate who stands out in the larger pool of candidates whose skills match with the firm’s requirements, the relationship with the candidate can begin.

It seems like this relationship can be clear and streamlined. Headhunters are intermediaries between buyers (Organizations) and sellers (Candidates). However, authors like Sengupta

(2004) recognize that executive recruiters are able to assess candidates “reasonably well” but are unable to match their clients and jobs needs. As Sengupta (2004) acknowledged, because this is a delegation of a recruitment process (using a third party to manage a recruitment process), information asymmetries are usually present. Information asymmetries can be defined as the difference of information between two parties regarding a quality or attribute for a product or service. This situation may change the behavior and decision between them (Akerlof 1970).

This chapter focused on give explanation to the question presented by Sengupta (2004) about why executive recruiters are able to narrow good candidates but clients are not satisfied. I based on the argument that the relationship between the involved parties has been studied using other theoretical frameworks that not necessarily are adapted to each party’s interest.

As I mentioned initially, this relationship has been studied by the assumption of common goals using Coordination Theory (Malone, Crowston 1990). However, if information asymmetries are usually latent, shared goals are less likely to appear. Therefore, I aim to use a different theoretical framework, Agency Theory (Ross 1973b). This theory explains the relationship between a Principal and Agent, when the latter is hired to act on behalf of the Principal.

Traditionally, Agency Theory has been used to explain relationships in which Principal and Agent are recognizable. For instance, Agency theory illustrates interactions like Owners and Employees, Stakeholders and Management Team, Investors and Stockbrokers. I suggest that, in the relations defined by us headhunter - candidate, the Principal and Agent roles may be not well defined. However, there is a concept known as “Double Agency” that allows us to identity the candidate as a Principal and the headhunter as an Agent. Double Agency (Child, Rodrigues 2003) refers to when the Agent acting on behalf of the Principal (I) to perform a task and while executing this activity engages with another party (Principal II). Thereby creating a second set

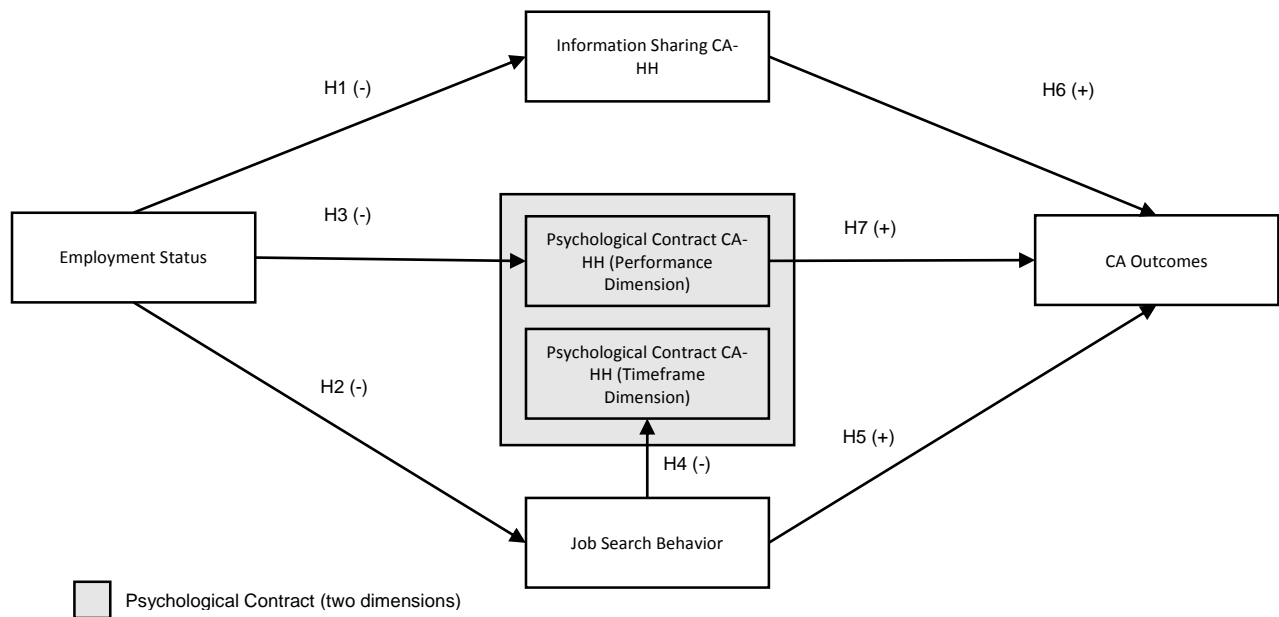
of control by a third party. In our case, the candidate is this third element.

Agency theory has additionally produced other insights about elements or assumptions (Eisenhardt 1989) that are present in the agency relationship. These conventions are: Human assumptions (self-interest, bounded rationality and risk aversion) & Organizational assumptions (partial goal conflict among participants, efficiency as the effectiveness criterion & information asymmetry between a principal and agent). These assumptions are connected to the variables considered in my research, but most importantly appeared during the relationship studied in this chapter.

In this article, I study the relationship between headhunter and candidate from the perspective of the candidates. To explain this, I considered as a constraining element between them the candidate's employment condition (if is employed or not) and as a moderator of his or her efforts in looking for employment. These constrains may be related to the information asymmetries during the process, to how the relationship will be ruled or framed in the short a long-term and, lastly, to the outcomes generated between these interactions. I suggest that this relationship may be framed under similarities with the Psychological Contracts (Rousseau 1989), used most likely in the organizational context. However, I argue that there is evidence that same concept can be used in this non-organizational context.

I propose a model in which the Employment Status relates to the quantity of Information shared and the type of relationship between headhunter and candidate, and the efforts performed by the candidate in looking for a job, but the last three are related to the outcome. The model is exemplified in Figure 5.

Figure 5 Conceptual model for Chapter 4



Source: own elaboration.

This chapter aims to the following contributions. First, from the theoretical stand point, I support the idea of using agency to understand a relationship that is not initially seen as Principal-Agent. Second, using constructs like employment status, information sharing and psychological contract, I am able to shape more details on the application of Agency theory. Third, I present for practitioners in the executive search firms evidence in regards to the distinction between candidates employed or not. Additionally, in relation to whether the candidates' efforts in looking for a new position may modify what recruiters may expect from them (candidates), including the type of relationship expected. And finally, find out if this information sharing and relationship have a connection between the candidate's outcomes.

This chapter is structured as follows. Initially, I present a theoretical frame work and the variables including my hypothesis. Next, I present the Methods, including the participants,

procedures, measurements variables. Third, I present the results and statistical information, followed by a discussion section, and, finally, a limitations and suggestions body text.

4.2 AGENCY THEORY

“If the hill will not come to Mahomet, Mahomet will go to the hill”. This popular quote from Sir Francis Bacon (1601) explains how the headhunters engage with candidates. If headhunters do not have candidates available, they will have to find them. They mostly will be agents finding executive talent, but they may eventually also be agents to those candidates.

Clerkin et al. (2010) define the Executive Search Relationship as *“the interactions between executives and search professionals; connections that may potentially lead to career benefits for the executives.”*

Agency theory has been defined as follows: “relationship has arisen between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as a representative for the other, designated the principal, in a particular domain of decision problems” (Ross 1973b).

The problem arises when there are information asymmetries between the Principal and Agent, and self-interest appears. Basically, due to the asymmetries, the agent does not necessarily apply the best effort to execute the task. This may trigger a moral hazard or adverse selection by the parties involved. The theory anchors a contractual element to minimize these situations (Eisenhardt 1989).

Information asymmetries can be defined as the difference of information between two parties in regards to quality or attributes for a product or service. This situation may change the behavior and decision between them (Akerlof 1970). To explain the commonalities that the Principal-Agent relationship may have to the Headhunter-Client relationship is important to understand the executive search firms and their business model.

Executive Search Firms or headhunters are defined as “A third-party agent who is paid a fee by client companies and organizations to help them attract, hire, and develop leaders” (Piccolo 2012). This business relationship involves mainly three parties, Headhunters, Clients and Candidates. However, in some cases, other elements may intervene, but there are not part of the triad.

In the case of the Executive Search industry, these arguments have been used previously to explain, to some extent the relationship Headhunter-Client, their contractual element and the rewards scheme (Britton, Ball 1999) . On the contrary, not much has been done to explain the relation headhunter-candidate using the same theory framework.

Initially, it may look like the only agency situation presented is when a Company (Principal) hires a headhunter (Agent) to find a candidate for a position. However, this relation involves a third party (candidate) that will have, at some point in time, effects in the original relation (Client-Headhunter). In contrast to other intermediaries' situations like stock brokers, the exchange is related to a tangible asset like stocks; in our situation the exchanged asset is the candidate. In the context that I develop this research, the candidate as a human being, an eventually with capability to decide during this process, can compromise the process's outcome.

At this point, our intermediary confronts a dual agency problem. This may be defined as the situation when an agent has two sets of control or Principals (Child, Rodrigues 2003), compromising the level of loyalty to each of them.

On one side, the headhunter is an agent to the Client, but at the same time, the headhunter acts as the candidate's agent. This potential shift in the agency role has been presented by Marsh and Zumpano (1988) in the Real Estate Industry, where they proposed that the real estate brokers were Agents to the Sellers, but they also may act as Agent for Buyer; they argued that

changes in that situation will include dramatic modifications in that business profession. Similar to the relationship used on this chapter, the headhunters are under contract to the client's firm, but not with the candidates.

These parallels and precedents encourage us to see evidence that agency theory may be used as a framework to understand the relation between headhunters and candidates during the executive search process.

Agency theory presents human and organizational assumptions (Eisenhardt 1989). These assumptions are highly connected to the variables and hypothesis that I subsequently present in the chapter. The human assumptions are: risk aversion, bounded rationality and self-interest. In my case, these assumptions are present:

- The risk aversion (Arrow 1965) is the situation in which individuals tend to take less risk on decisions when the outcome may be negative to them. In this context, this is represented in the level of risk that a candidate may experiment in engaging in executive search process with a headhunter. I argue that this level of risk may differ depending on the candidate's employability or its individual objectives with respect to a new employment relationship (Berntson, Sverke et al. 2006) .
- Bounded rationality refers to the decision making under different levels of information (Simon 1959); for instance, depending on the stage during the contacts between the headhunter and candidate, the information that they share may be different. This information is also a variable in my research, and I argue based on the theory that conditionally to the level of information sharing, the relation between the candidate and headhunter may be different or inexistent.
- Self-interest, this position defines that individuals are inclined to prioritize their actions for their own benefit, even if they are acting on behalf of someone else (Smith 2010).

In the interactions between headhunter and candidate, I may argue two perspectives. First, the headhunter in one hand primarily looks for an optimal candidate to accomplish his or her initial assignment. On the other hand, the candidates may have many reasons to engage in a working relationship with a headhunter, but ultimately, the goal is to receive a job offer from the headhunter's client. Therefore, the self-interest for both parties is intrinsically related to the outcomes of this work relationship.

Along with the human conventions, Eisenhardt (1989) defines three organizational assumptions. These are:

- Partial Goal conflicts between participants: This is a fundamental in the Agency dilemma. The principal is not sure that the agent will act on his behalf properly (Jensen, Meckling 1976), which is why the theory suggests a contractual form to offset this. Considering what I mentioned in this chapter introduction, I argued that the interaction between headhunter and candidate may be seen initially with similar goals. However, I may claim that the headhunter may engage with a candidate just to complete a shortlist for the candidate, or the candidate is using the headhunter only to know his market value.
- Efficiency as effectiveness criterion: With this assumption the theory assumes that the parties involved will define a contract figure that considers what is efficient primarily to the principal (Nilakant, Rao 1994). I argue that even though is not clear at first sight who may be the principal in the relationship (headhunter or candidate) still there is a possible type of contract that may fits both parties' interests. This is a point on which I will elaborate later in the chapter, in the heading that relates to psychological contract.
- Information Asymmetries, this may be conceptualized as the imbalances of information between two parties that engage in a transaction, creating imbalances between the

parties, giving more power to one party (Akerlof 1970) and eventually turning the transaction failed or sour. This is for us, a core element in my relationship. Although in theory, the headhunter knows in the initial stage more about the candidate and the Client, later along the process because the candidate has more decision power over the outcome there may be a shift of the information imbalance. Therefore, I am confident that this is a relationship based on informational asymmetries.

Having explained the theoretical framework that has been used in my research, I now present my variables and explain their connection to the Agency Theory human and organizational assumptions.

4.3 EMPLOYMENT STATUS

The executive recruiter community makes a distinction between the two main kinds of candidates that may engage in the recruitment process depending on their employability status. This typology is used frequently in Websites such as Ere.net, Fordyceletter.com, Hrgrapevine.com among others (focused on the Executive recruitment practitioners). Thus, for each group of CAs, practitioners see each of them with different perceptions, inclinations and tradeoffs during the process.

The first group is named Active candidates. This group includes those individuals who are actively looking for a job, directly making efforts to reach a new position, regardless of whether they are employed or not. For instance, they periodically review job boards, look for newspaper's ads, check social media and specialized recruitment sites. This type of candidates had been historically the main source of potential candidates for search performed "in house" or by Human Resources within organizations.

Another group is known as Passive candidates. Those are the candidates that are not actually looking for a job or position. They may be employed or not, but regardless of their employment

position, the first impression is that they are not actively looking for a position. Cappelli (2001) has used this distinction on research related to online recruitment and selection.

Connecting these groups (Actives and Passives) to my theoretical framework, I see different trade-offs regarding the interactions with the headhunter and consequently, different levels of exchange among them. Therefore, is clear that two variables should be considered, the employment status (Employed or Unemployed) and the efforts in looking for an opportunity.

Employed candidates most likely are the larger portion of candidates considered by headhunters (Hamori 2010). These potential candidates are working for other companies, and from the perspective of recruiters these send positive signals (Spence 1973). These candidates are able to perform well in other, similar positions. Therefore, from the perspective of the headhunter, these candidates will be more appreciated by the Client. However, my theoretical framework may add in regards to this. Agency theory considers a group of human assumptions that also include as a potential candidates those unemployed. For instance, if I am considering the “Risk Aversion” human assumption of the Agency Theory, I may argue that candidates that are employed may be risk adverse to engage with the headhunter, because their trade-off may be higher. For instance, engaging with headhunter can generate negative signals to his or her actual employer; it may question his level of loyalty with this last one. This situation would be more uncomfortable if the current employer of the candidate realizes that this is seeking employment with a competitor.

Previous research argues that headhunters mainly focus of employed candidates (Hamori 2010). However, there are documented cases that some potential candidates may be unemployed or even retired before engage in a new position (Sonnenfeld, Ward 2008). Unemployed candidates are those who when contacted by the headhunter, are not working for anyone, not even doing consulting or as a self-contractor, because this condition may include

them in the “Employed.” Therefore, it will not be wrong to see unemployed candidates as potentials to be used by the headhunters.

Considering the previous condition and using the same human assumption (Risk Aversion), I may argue that unemployed candidates are willing to take higher risks in engaging on relationships with headhunters, these candidates may be more collaborative on scenarios like getting a new employment.

4.4 INFORMATION SHARING BETWEEN CANDIDATE AND HEADHUNTER

Information sharing has been defined as “communication with other team members related to coordination activities, task detail, task progress, and reasoning for task decision” (Moye & Langfred, 2004).

In the context of business-to-business relations, information sharing may be defined as “making information available to trading partners” (Yi-Ming & Chin-Fu, 2010) (p.1387). In the case, headhunter- candidate this may not be seen as a Business to Business relation. However, the concept itself allows us to elaborate the construct.

Information sharing has been already discussed in the recruitment and selection research field, mainly focused on the development of networks and labor markets (Gërxhani, Brandts, & Schram, 2013). However, the information sharing on this research stream is more related to interaction between employers to validate a candidate’s quality or previous performance. In other words, the authors investigated through experiments how the emergence of employer’s networks validates the trustworthiness of job candidates.

It seems that the definition, regardless their many commonalities, depending on context of

application, may change. In this context the information sharing I analyzed, is the one that occurs between headhunter and candidate.

Therefore, I can define Information sharing in my context as the process of information exchange and disclosure to reduce asymmetries during the executive recruitment process between candidate and headhunters, clarifying gradually to both parties trying to reach an equilibrium on information. Ultimately, with the intention to maintain interest awareness about the relationship process and outcomes.

The initial signals that headhunters see on the candidates's pool, are those that at first glance match the client's specs. They look for potential candidates with similar job positions experience and in some cases, the same industry as their clients. They are usually in the headhunters' contact database, to be "poached" (industry term) from those companies, also known as lateral hiring.

In some other cases, when the candidates in the executive labor market do not produce those signals, headhunters have to follow other directions (Referral, Ad online, Online Professional Networks, Newspaper ads, among others)(Klehe, de Goede 2012) , increasing the pool of candidates.

When a list of people that may match the criteria is identified, the interactions begin (there may be some changes the interactions depending on the candidate efforts in looking for a job, but this will be clarified later on the chapter). My research focused on these individuals who are somehow short listed by the headhunters. Therefore, I would not consider as a part of the information sharing any information accessed by the candidate (Werbel, Song et al. 2008) previously to the initial contact between them.

First information sharing may happen with a short casual or formal interview, or a phone

conversation (Luci 2012b). Both the candidate and the headhunter send signals in regards to the position and the candidate's characteristics. This first contact may be vague or informal, but it triggers for further follow up. A strong potential candidate that may be hesitant in first conversation may opt out right away or early in the process. Likewise, a candidate that doesn't show basic "fit" or interest may also be discharged by the HH.

In the event that the headhunter did not already have the CV, this may be required. Perhaps the contact with candidate was a referral (Luci 2012b) thus the headhunter may not have an update CV. Some organizations or recruiters may need some extra forms or documents (Internal Applications, References, among other things). Moreover, based on that initial contact, a second more formal interview may happen.

This second wave of information sharing is more detailed. On one hand, the headhunter will try to sell indirectly the position and the organization to the candidate. On the other side, the headhunter will measure if the candidate may be a good fit for the client's organization. The headhunter then might present a Realistic Job Preview, describing in a soft manner what the candidate will find out in the client's organization (Wanous 1977). This will help to explain broadly in what extent the candidate will be challenged (Positive and Negative).

It is important to mention confidentiality. In the executive search industry, this is a significant issue (Melé, Roig 1995). On one side, the headhunter has to maintain in many cases the clients' privacy (Jones 1989). Also, the type of candidates that usually are engaged by headhunters, are interested in companies with some reputation (Cappelli, Hamori 2006), not compromising their future career, as well as their actual employment (if they are working). Therefore, I argue that the initial stage for this process is loaded with information asymmetries. Eventually, along the process the candidate may be contacted directly with the client and more company information may be disclosed.

After this interview process, both parties (headhunter and candidate) may require further contacts or meetings between them, and with the client. At this point, the collaboration efforts play an important role. There is not a documented standard time frame for this process, and the agendas for all intervening parties may be completely different. Therefore, understanding and respecting each other's time and activities is sensitive. Furthermore, when the client engages in the process, this may be decisive.

With this said, their collaboration levels in regards to a full agenda disclosure, and commitment to attend to meetings is essential. This commitment is also connected to the interest in the processes itself. Either the headhunter or the candidate needs to know until what point someone is interested in the process. Thus, if a candidate loses interest in the search, is expected that they will notify the HH. On the other hand, for those candidates that may be rejected or dismissed during the process it is strongly recommended to let them know (National Association of Executive Recruiters 2014, Association of Executive Search and Leadership Consultants (AESC) 2012).

During the process, each party may request feedback about the process and what the client's firm perceptions in regards to the candidate assessment is. Furthermore, transparency should be present during all the process. Neither headhunter nor CC should develop false expectations of each other.

Finally, when the right candidate is identified, the headhunter shifts position to some degree and becomes the candidate's Agent confronting a Dual Agency situation (Child, Rodrigues 2003). The candidate expect directly or indirectly from the headhunter to intervene in the offer negotiation, if is the case. At the same time, when a strong candidate have been identified, the headhunter will try the end the process satisfactorily for all. The candidate receives an offers, accept the position, fills open position, and headhunter closes the job order and goes to another

one.

The process' sequence described above, has been documented partially by Jones (1989), Finlay and Coverdill (2002) and Garrison (2005). Jones' (1989) work is a narrative about the industry from and UK perspective using CAs, recruiter and client's experiences. Garrison (2005) is a guide about the industry and how candidates and companies can use the headhunter services, unveiling many more practices. Finlay and Coverdill (2002) write a more in depth book based on an ethnographic research about the headhunters in a Southern State, with the only difference that they limited their research to Contingent Executive Search Firm.

The Information sharing items that I have presented, favorably match with the common objects between headhunter and candidate, from the candidates' point of view, defined by Britton, Wright and Ball (2000) (Britton, Wright et al. 2000) like: **Job Specification, Interviews, Career advices, Remuneration package, information about the company, CV and candidate report, and Psychometric test.**

Therefore, considering these preceding arguments, the employment status mentioned in the previous heading and the differing degrees of risk-aversion between employed or unemployed candidates, I present my first hypothesis:

H.1 Employment status is negatively related to information sharing between the candidate and the headhunter.

4.5 JOB SEARCH BEHAVIOR AND THE PROCESS

The levels of information sharing perceived by the candidate may also take shape from other variables that may boost or diminish this construct. As I explain on the Employment Status variable, headhunters consider candidates mainly employed. However, I also noted that some

candidates who may be unemployed can be considered by headhunters. In both cases, the big issue is how “employable” are either employed or unemployed candidates.

The employability from the practitioners is interpreted as if candidate is actively looking for a new employment or not. This can be linked to the efforts that a candidate may do or not looking for a job. This employability is a main discussion topic among the practitioners, mainly because depending on this condition, a candidate is more likely to engage with headhunters in a search process. These arguments can be seen on practitioner’s publications like *The Executive Grapevine* and *The Fordyce Letter* used as sources in academic research related to the Executive Search Firms (Coverdill, Finlay 1998, Finlay, Coverdill 2000, Faulconbridge, Beaverstock et al. 2009).

In the academia, this activity in looking for employment has been defined “job search behavior” (JSB) considered as the effort-intensity, content-direction and temporal-persistence with which people search for a job (Van Hove 2013).

In a recent research by Saks, Zikic and Koen (2014) they include this element JSB as part of the construct Job search self-efficacy (JSSE). JSSE is the perception that someone may have in regards to the level of success in executing behaviors necessary to looking for and obtaining a job (Saks, Ashforth 1999), JSSE-B is the behavioral element, while JSSE-O is the outcome. I suggest using part of this concept, JSSE-B, and adapting some of its measurements to my construct, JSB.

JSB is vital in my relationship, even more when considering the Agency theory human assumption of bounded rationality and risk averseness. I argue that everyone may have different motivations (with a different risk aversion level) regardless their employment status. For instance, there may be candidates that are unemployed and not looking for employment (i.e.

recently retired CEOs that have been call by organizations, or candidates that recently have left their jobs but are in career transition).

The fact that a candidate employment status relates to the information sharing with the headhunter suggest that the candidate's behavior in regards to the JSB may also be affected by the employment status. This argument is embedded on the self-interest human assumption of the agency theory. The rationale is that a candidate may have different levels of JSB due their employment status due the self-interest and the risk that someone is willing to take. Moreover, an individual that is unemployed may have a higher JSB compered to someone that is employed. In all, I hypothesize:

H. 2 Employment status is negatively related to job search behavior develop by the candidate.

4.6 PSYCHOLOGICAL CONTRACT BETWEEN THE CANDIDATE AND HEADHUNTER

Besides the human assumptions mentioned in the agency theory, another consideration in this framework is the contractual form included in the organizational assumptions. This relationship between headhunter and candidate may lack an agreement method, at least a formal contract or de jure. However, contracts must not necessarily be written to influence a relation between two parties. I suggested that there is not a written or legal contract between these parties because the binding argument is formed during the process on Trust and Reciprocity. Thus, usually as more time passes or positive interactions between them occur, this implicit contract form becomes stronger.

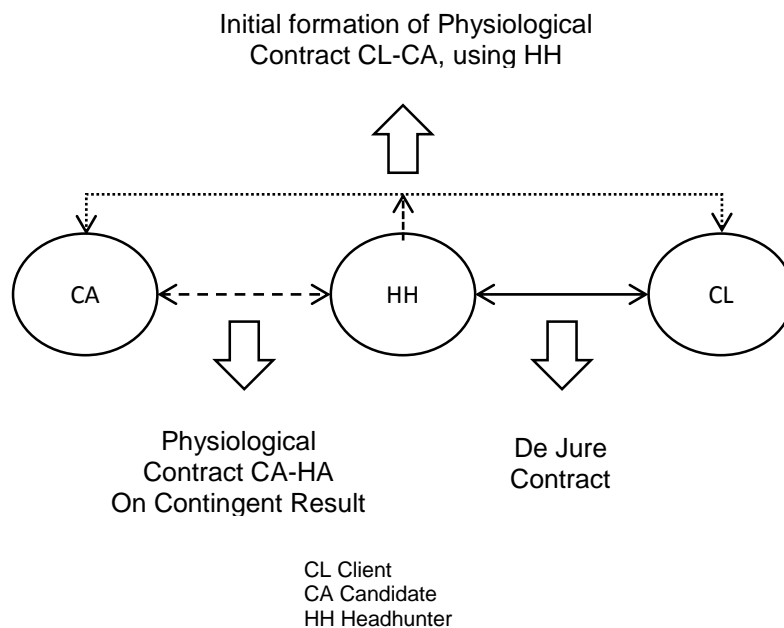
The explanation for this previous argument can be seen in research done by Spier (1992), in which information asymmetries lead to contract incompleteness. This supports the notion that just the idea of having an informal/spoken contract between a candidate and a headhunter may

generate potential wrong signals in the situation, even more when the outcome is contingent. This is also in accordance with the ambiguity mentioned by Bernheim and Whinston (1998): definitely the parties consider that a written contract may be a hassle instead of a help. They explained that because some performance aspects of this relationship are not measurable, it may be optimal to leave out of a contract those other measurable aspects. I argue that being this relationship initially based on information asymmetries a non-written type of contract between the candidate and the headhunter is feasible.

Towards the end of 1990s, academics (Sparrow, Cooper 1998) start to talk about other forms of organizations or scenarios to review the psychological contract; among those they mentioned companies privatized, downsized, and restructured. Regarding such scenarios, I suggest a change of principal occurs. Due the organizational changes in many cases the principal changes. For instances, when privatized going from a private enterprise to a government manage entity, thus in some cases the psychological contract may change. Still, there are clear application of the concept under an organizational context (Employer-Employee).

Other research (Sturges, Conway et al. 2005) shows psychological contracts as a framework to understand career management. This research shows connections between individual career management behaviors and organizational career management. Perhaps, I argue that the organizational career management help may come from an outsider like the headhunter (Hamori 2010). Thus, the existence of a psychological contract between candidate and HU can empower the candidate individual career management behavior outcome. The figure 5 denotes the type of contracts the theory suggest may be present during an executive search process.

Figure 6 Contracts present during the process



Source: own elaboration, based on Eisenhardt, 1989 and Rousseau 1995.

The psychological contract is mostly based on singular perceptions between the interacting parties. Due to the perception variability among individual, authors (Rousseau, McLean Parks 1993, Rousseau 1989) have identified two elements that will have to be present in order to argue the psychological contract existence. These elements are term (time) and performance.

Rousseau (1995) defined four types of psychological contract:

- **Transactional:** are those with a well-defined timeframe, in many cases short time and with specific performance requirements and expectations during the interaction.
- **Transitional:** Rousseau (1995) (pag.98) said “essentially a breakdown in contracts, reflecting the absence of commitment regarding future employment.” The relationship tends to be short-term and there is a weak definition of performance for the parties.

- Relational: are those contracts that do not have defined time frame. Therefore, more long term, but also there are not precise performance expectations (not specific).
- Balanced: Those are contracts without defined timeframe or open termination, but at the same time tend to have defined performance terms and expectations among the parties. This type requires well-specified performance.

These different psychological contracts are indicated in the following figure by dimensions:

Figure 7 Psychological Contracts classified by dimensions

		Performance Specified	
		Weak	Strong
Timeframe	Short	TRANSITIONAL	TRANSACTIONAL
	Long	RELATIONAL	BALANCED

Source: Rousseau 1995.

4.6.1 Performance Dimension

In relation to the duties, responsibilities, expectations and performance, Rousseau (1995) suggests that these are based on the levels of performance's specificity during the relation. For instance, how well defined are mutual obligations between the parties in order to accomplish a particular goal that may benefits both. In other words, what should each party do in order to achieve common goals. This level of detail in the expected performance can be connected to the human assumptions (Risk) and organizational assumptions (Efficiency as Effectiveness of

the contract type) mentioned by Eisenhardt (1989) mainly in regard to the risk perceived by the candidates.

As I have argued in the heading “Employment Status,” the candidates tend to be less averse to risk if they are unemployed. Therefore, they may be more inclined to engage in a transactional or balanced psychological contract (specify performance). Contrary to this, employed candidates are more averse to risk, and may be less engaged with the HH. Consequently, their psychological contract from with the latter are more likely to be transitional or relational (weak specify performance).

Considering these previous arguments, I present my third hypothesis:

H.3 Employment status is negatively related to Psychological contracts between the candidate and the headhunter, in regards to the performance dimension.

4.6.2 Timeframe Dimension

In the case of the contracts forms presented by Rousseau (1995) the timeframe of the relationship is limited in time (short term), and open (long term). This timeframe consideration is in accordance to the two moments mentioned by Luci (2012) in which the candidate may be engaged in a relationship with the HU for a particular job search well defined (short term), but it may also maintain the relationship the HU more open in order use him in a further search (Long term). I am inclined to see this situation in the actual efforts that a candidate may be doing in looking for a new or future employment. Consequently, obtaining a job in the short or long term.

This link between terms and efforts are in accordance to previous research done by Kanfer, Wanberg, & Kantrowitz (2001), in which they showed that higher efforts are related to shorter term in unemployment. For instance, the candidate depending on their efforts will expect short

term outcomes from this relationship. I suggest that a candidate who has a high JSB understands that his or her efforts are the only domain, and therefore the outcome should materialize in a shorter term compared to another candidate that may has a lower JSB. The rationale behind my suggestion is that the candidates assume that the headhunter may have other potential candidates for a search. However, the candidate with higher JSB may have a higher consideration in the actual searches, not on those in the future. Based on this argument I hypothesize the following:

H. 4 JSB is negatively related to the psychological contract duration between candidate and headhunter perceived by the candidate.

4.7 OUTCOMES

The outcome is a significant issue for the Agency Theory (Eisenhardt 1989). In Eisenhardt's (1989) perspective, when the relationship Principal-Agent is based on outcomes, it is more probable that their interest are aligned. Outcomes in recruitment have been researched previously (Chapman, Uggerslev et al. 2005), and these outcomes are what the parties involved expect to result based on their decisions and behavior during the process. Consequently, the JSB are related to the outcomes expected.

In the same research Chapman et al. (2005) mentioned as a possible outcome "Hiring Expectancies." These are the likelihood of been hired. In this case I also consider the previous steps during the relationship HH-CA, which without them is almost improbable to reach an offer by the candidate. In the context described, when the headhunter and candidate understand that depending their interactions there may be different outcomes (some of those more valuables), both parties may start to align their interest to reach the best outcomes. For instance, been hired or received a job offer from the client is more beneficial for the candidates that just participate in the process itself.

The practitioner's literature review shows a group of possible tangibles outcomes from the candidate's perception related to this relationship. Among those I may mention: been interviewed by the client, receiving an offer from the client, obtaining a job from the headhunter's client, been considered for another search with same headhunter, receiving an offer from the headhunter's other clients, obtain a job from the headhunter's other clients. These outcomes are highly aligned with the JSSE-O mentioned by Saks et al. (2015). Although the relation includes an intermediary (headhunter) the outcomes are similar. Therefore, I argued that they are realistic and also measurable in or research. I now present my fifth hypothesis:

H.5 JSB is positively related to the outcomes obtained by the candidate.

Taking the construct of Information sharing, and linking this with the theoretical framework (Agency theory) I argue that higher level of disclosure on information are positive the the relationship between candidate and HH. However, consider this a relationship with outcomes based on a contingency (Clients decision) higher levels of information in regards to the candidates are valuables for the Client providing signals (Spence 1973). On the other hand, the information received by the Candidate in regards to the Client and the position definitely help in defining a realistic job preview and potentially to the job offer acceptance. Therefore, I hypothesize:

H.6 Information sharing between the candidate and the headhunter is positively related to the outcomes obtained by the candidate.

As I mentioned in the performance dimension of the psychological contract, those relationship between candidate and headhunter that have well defined responsibilities and expectation among them tend to have less information asymmetries. Therefore and considering my previous arguments, I present my final Hypothesis:

H.7 Psychological contracts with defined responsibilities and expectation perceived by the candidate with the headhunter, are positively related to the outcomes obtained by the candidate.

4.8 METHOD

4.8.1 Participant and procedures

Using recruiter's records has been previously a main source of statistics for research in the context for this industry (Hamori 2010). However, in most cases these databases were composed with primary data provided by candidates at engaging moment with the executive search firm (demographics and CV-Resume information), and a secondary data adding variables. In my case, the data was collected from a survey sent to a previous headhunters's contacts database (1777 contacts).

The database is hosted on a professional-social network. This source is used by many headhunters to locate candidates (Klehe, de Goede 2012). The selection of this sample is aligned to the characteristics of Targeted Sampling (Watters, Biernacki 1989). Using this type of sampling is possible to reach hidden populations. I consider my respondents hidden populations because this is, as I have mentioned on section 2.3.2, an industry with high levels of confidentiality not only in regards their clients but also in regards their candidates.

There were 357 respondents for the survey, and 265 indicated that have been contacted by headhunters. However, only 202 (**n=202**) of those complete the whole survey, which represents a response rate of 11% response rate). These contacts not necessarily have been considered in previous searches by the headhunter whom facilitate the database, more than 85% indicated they have been contacted by headhunters more than once. The participants voluntarily take part in the online survey submitted via email. The survey was presented in English and Spanish

(participants choose the language). All items included in the survey maintained consistency with their original version including translation and back translation procedures. The demographics characteristic are presented in the Appendix.

4.8.2 Measurements

- *Employment status*: based on the descriptions presented by Hamori (2010) and Sonnenfeld & Ward (2008), I define to type of employment status for candidate in this context, “Employed” or “Unemployed”. I add a third category for those individual doing activities like consulting, contractor, self-employed. My intension was to consider individuals in such activities or status with a level of safety-net in reference to a risk, similar than those employed. This variable for the analysis took values 1-3 (1: Employed, 2: Doing Consulting or self-employed, 3: Unemployed).
- *Information sharing CA-HH*: Considering this construct changes depending on the task or context, it may be considered a multidimensional construct. And has not been previously used for this context. I have adapted the items mentioned by Britton, Wright, & Ball (2000) as common objectives between candidates and headhunters. For instance Job Specification, Interviews, Career advice, Remuneration package, Information on company, Items M-N-O-P-Q (Information received by the candidate) & CV (Resume) and candidates report, and psychometric testing , Items Infshapro1 and Infshapro2 (Information given by the candidate). These items are pieces of information shared during the executive search process between candidate and headhunter mentioned on the academic work by Britton, Wright, & Ball (2000), they were validated based on the qualitative aspects, contrasted with the practitioners literature consulted (Byrne 1986, Jones 1989, Garrison 2005), but also on interviews with practitioners (executive recruiters) . I only considered those that from the candidates perspective were valued as common objective between them and headhunters (% Candidates identifying

common objectives > 0). To measure the level of information shared I associated the level of importance on receiving (items M-N-O-P-Q) and receiving (items Infshapro1 and Infshapro2) to maintain interest in the search process with the headhunter. I'm aware that these measurements are somehow broad (due the individual characteristics of the items, i.e. remuneration and company information). Therefore the internal consistency expected will be low.

- *Psychological contract*: I selected the 4 items used by Wade-Benzoni, Rousseau, & Li (2006) to identify the type of psychological contract perceived by the candidate. These items were considered based on the timeframe definition (long-term and short-term) and performance specificity (strong and weak) mentioned on the theoretical review. The coding for each psychological contract is as follow: Relational = 1, Transactional = 2, Balanced = 3 and Transitional = 4. Then, to measure the performance specificity Transitional and Relational were recoded "0" for weak and "1" for strong. In the same line, to measure the timeframe dimension was recoded as Transitional and Transactional "0" for short-term and Relational and Balanced "1" for long-term.
- *Job Search Behavior (JSB)*: I have selected the scale developed by Saks, Zikic, & Koen (2015) ($\alpha = .88$). However, I just picked the items (10) related to JSSE-B. An example of these items: *using social networks to obtain job leads, preparing resumes that would get me job interviews, impressing interviewers during employment interview, making "cold calls" that would get me a job interview, conducting information interviews to find out about careers and jobs that I was interested in pursuing, preparing a sales pitch that would attract the interest of employers, planning and organizing a weekly job search schedule, finding out where job openings existed, using a variety of sources to find job opportunities, searching for and finding good job opportunities.*
- *Outcomes*: In the same line of the JSB I have selected the scale developed by Saks,

Zikic, & Koen (2015). However, I just pick the items (10) related to JSSE-O. I also adapt this scale to this context, including some other items (outcomes) perceived by the candidates mentioned on previous research and practitioners publications (Luci 2012b, Garrison 2005, Finlay, Coverdill 2002, Jones 1989). The outcomes were split on **four outcome categories**. A **first category (dep1)** with values 1-5 (ordinal variable). This first category relates to the outcomes achieved for the main search process on which the candidate was contacted by the headhunter. This class is ordinal, assuming that a candidate that receive a job offer from the headhunter's client also achieved all the other milestones. These are the items: 1- had a phone interview with the headhunter, 2- had a face to face interview with the headhunter, 3- had a phone interview with the headhunter's client (hiring company), 4- had a face to face interview with the headhunter's client (hiring company), 5- received a job offer from the headhunter's client (hiring company). The **three other outcomes categories (dep2, dep3 and dep4 respectively)** were binomial with values 0-1, and each of them responding if the candidate reach this outcomes as well: 6- was considered for other searches done by the headhunter (dep2), 7- received another job offer from another client of the headhunter (dep3), 8- hired the same headhunter to do a search for my employer (dep4).

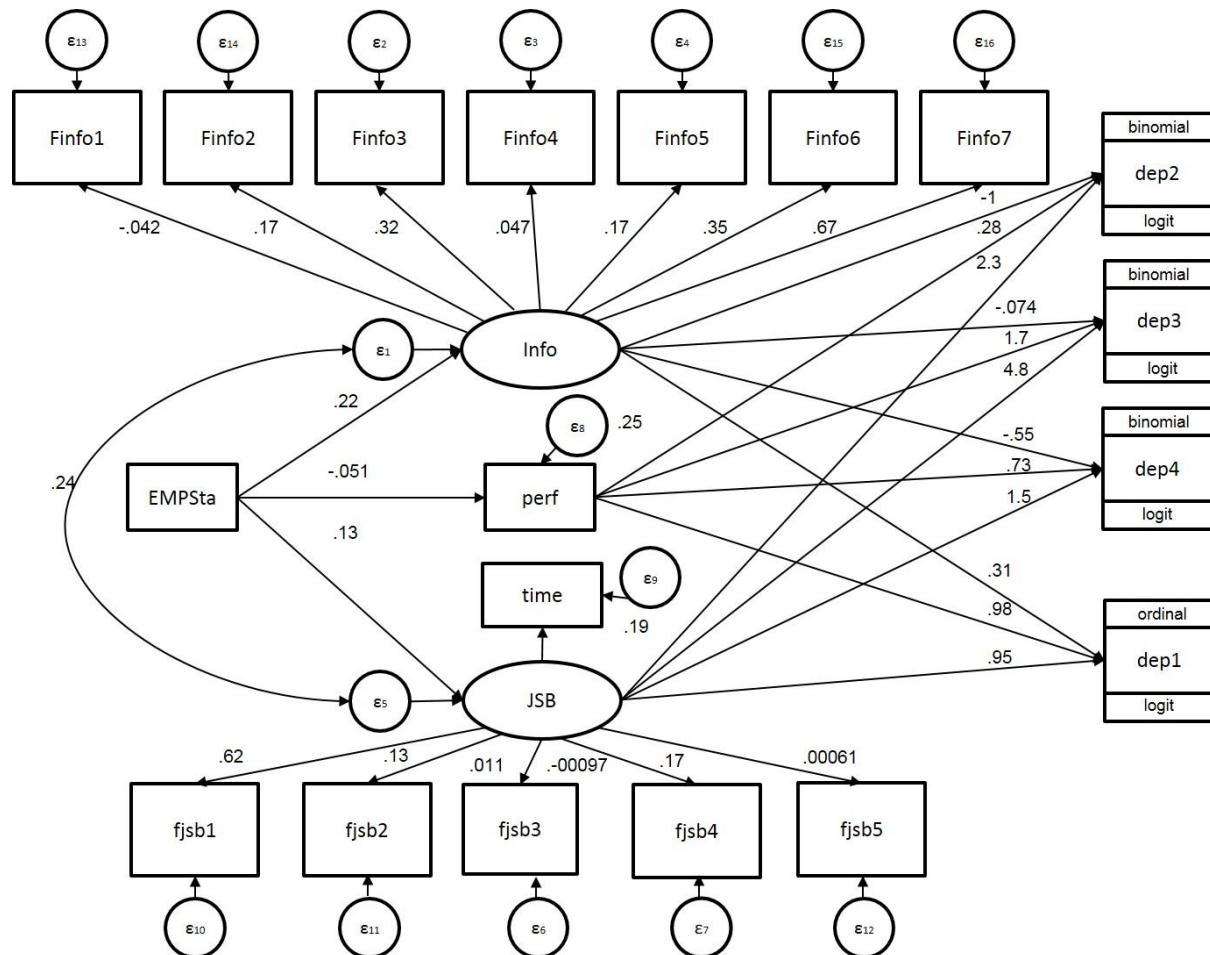
4.8.3 Methodology

To obtain estimates for the conceptual model proposed, generalized structural equation modeling (GSEM) is employed. I selected this approach due to the multifaceted nature of the conceptual model, multiple hypotheses to be tested, and the non-continuous response variables. Structural equation modeling affords the ability to simultaneously estimate multiple interrelationships and regressions, as well as estimation of latent factors. And as the response variables are non-continuous, ordinal and binomial, GSEM is utilized over SEM as the latter is only appropriate for continuous data (Skrondal, Rabe-Hesketh 2004, Mehta, Neale 2005).

I employ two latent factors [ζ_1 , ζ_2] within the conceptual model presented, job search behavior and information sharing/receiving. The first latent factor [ζ_1] job search behavior (JSB) is from Saks, Zikic and Koen (2014), they identified ten highly correlated indicators that capture the job candidate's JSB. Inspection of my data confirmed their findings. The second latent factor [ζ_2], information sharing, makes use of information provided by the job candidate as well as the head hunter. As expected, these indicators do not correlate as well as JSB since they embody the perceived actions of job candidate *vis-à-vis* the headhunter. To minimize the degrees of freedom applied in estimation of the model, factor analysis with orthogonal rotation (Varimax) is used to reduce the number of indicator variables while retaining the variance of the original set. With respect to ζ_1 , the original ten indicators were reduced to five while maintaining more than 95% of the original variance - factor loadings [λ] of less than .6 were removed in this process. With respect to ζ_2 , all of the original indicators were maintained as a removal of a single loading would have resulted in a loss of more than 10 percent of the original variance - this is to be expected given the potential for divergence between the headhunter and candidate.

Within the model employment status is exogenous and the latent factors as well as the psychological constructs performance and time are endogenous. The dependent variables (η) dep1, dep2, dep3 and dep4 as explained on the measurement subsection 4.8.2., been dep1 ordinal (1-5) and dep2 through dep4 binomial. Figure 8 presents the modeled where the one-way arrows from the endogenous to exogenous variables identify the direction of effect. The size of the effect is captured in the β coefficients. Covariation and correlation between the latent factors is represented by the two-way arrow and captured in term ϕ . The model is recursive as there is a clear beginning with the endogenous variable and ends with the response variables. That is, the model does not exhibit a circular process, hence it is clearly defined allowing for easier estimation.

Figure 8 Structural Equation Model Diagram



Source: own elaboration.

The data are assessed using Stata SE 13.1 (Rabe-Hesketh, Pickles et al. 2001). The conceptual model was estimated using maximum likelihood with robust standard errors (Huber/White sandwich estimator (Huber 1967, White 1982) and for convenience factor loading residuals are fixed to one (Satorra, Bentler 1994). To assess model fit of the values obtained using GSEM, I calculate the probability of the Yuan-Bentler T2 statistic relative to the chi-squared (Yuan, Bentler 1997). Obviously, this approach differs from the traditional SEM assessment with fit statistics such as RMSEA and GFI. McIntosh (2012) discusses the historical background of metrics used for assessing model fit and notes that both Jöreskog and Sorböm who are key pioneers of SEM state "chi-square is all you really need (to assess fit)." Jöreskog goes on to

note that GFI was invented to make users happy (McIntosh 2012). As well a number of other papers go on to point out the realized and potential shortfalls of the traditional fit indexes (Hu, Bentler 1999, Marsh, Hau et al. 2004, Antonakis, Bendahan et al. 2010) . Hence, my method of assessment is appropriate for the assessment of the conceptual model.

4.9 RESULTS

Table 2 presents the descriptive statistics for all the variables used for this study. The results of this model test produced a goodness of fit Yuan-Bentler style chi2 test **T2 = 213.56573** and **p T2 = 0.06046131** (Yuan, Bentler 1997) $df = 183$. I decide to use this indicator due the size sample ($N \leq 250$) (Bentler, Yuan 1999) and the arguments in the methodology section.

Table 2 Descriptive statistic

	Variable	Mean	Std.Dev.	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Dep1	3.668317	1.504185	1	5	1																		
2	Dep2	0.3811881	0.4868853	0	1	0.1803	1																	
3	Dep3	0.2079208	0.4068281	0	1	0.3002	0.4519	1																
4	Dep4	0.1039604	0.3059674	0	1	0.1618	0.267	0.3051	1															
5	Time	0.3415842	0.4754191	0	1	0.1592	0.3159	0.274	0.1309	1														
6	Perf	0.5544554	0.4982606	0	1	0.2466	0.0268	0.1157	0.0769	0.0366	1													
7	EMPSta	1.415842	0.7366365	1	3	0.0847	0.0691	0.0255	-0.1045	0.047	-0.0756	1												
8	Fjsb1	0.00000000300000	0.907178	-2.03572	1.43811	0.1496	0.0068	-0.0512	0.0842	-0.1021	-0.0435	0.3199	1											
9	Fjsb2	-0.00000000169000	0.7869204	-1.43847	2.48781	0.0638	0.0297	0.1354	0.0788	0.1351	-0.0581	0.0487	0.1439	1										
10	Fjsb3	-0.00000000188000	0.6202815	-1.74605	1.23652	-0.043	0.0012	-0.0286	-0.0203	-0.0194	-0.1088	0.0159	0.1887	0.2782	1									
11	Fjsb4	0.00000000121000	0.4249572	-1.71993	1.23595	-0.0737	0.023	-0.0414	0.0135	0.044	0.0508	0.0866	0.1209	0.0734	0.16	1								
12	Fjsb5	0.00000000108000	0.2176626	-0.612571	0.542514	-0.0394	0.0402	0.0163	-0.0473	-0.0096	-0.0412	0.0983	0.0352	0.081	0.0634	0.2121	1							
13	Finfo1	4.732673	0.535154	1	5	0.0438	0.0112	-0.0634	0.0794	-0.1086	-0.0757	-0.0447	-0.0098	0.0265	0.1566	-0.0479	-0.0564	1						
14	Finfo2	3.60396	1.093438	1	5	0.0286	-0.0982	-0.1048	-0.0399	-0.1691	0.1037	-0.0601	0.1247	0.1805	0.22	0.0957	0.0073	0.1838	1					
15	Finfo3	3.886139	1.02307	1	5	0.0626	-0.0023	0.105	-0.0097	0.0497	0.0757	-0.0161	0.0434	0.1271	0.1199	0.2195	0.0032	0.0623	0.1641	1				
16	Finfo4	4.574257	0.6363224	1	5	0.0389	-0.0356	0.0169	-0.0015	0.0555	-0.0991	0.0187	0.0258	0.0177	-0.0681	-0.0062	-0.1098	0.3362	0.1354	0.1239	1			
17	Finfo5	4.430693	0.7775766	1	5	0.0972	0.011	0.1401	0.0409	-0.0097	0.0868	-0.0015	0.0378	-0.0017	-0.1491	0.0807	0.0124	0.0389	-0.0032	0.187	0.1311	1		
18	Finfo6	4.559406	0.7783997	1	5	0.172	-0.0797	-0.0235	0.0262	0.0726	0.1071	0.1216	0.2519	0.1348	0.1375	0.1439	0.1012	-0.0931	0.133	0.0804	-0.0491	0.0849	1	
19	Finfo7	4.019802	1.145879	1	5	0.1626	-0.0493	0.1085	-0.0059	0.0332	0.1201	0.1375	0.1901	0.098	-0.0395	0.0257	0.1783	-0.1942	0.042	0.2014	0.0116	0.2026	0.6011	1
Notes: 202 respondents																								

Source: own elaboration.

Table 3 presents the results of the regressions showing output generated by method describe above in relation to the *Employment Status*. The hypothesis developed around the construct (H1, H2 and H3) were not supported by the statistics on each variable. The agency theory assumption related to this construct was risk aversion. Therefore, my claim that the individuals may be: less collaborative in relation to the information shared with the headhunter, less inclined to exercise a high efforts in looking for jobs (JSB) and less interested in developing relationship with defined or specified performance with the headhunter, are not supported.

Table 3 Analyses for Employment Status

		Robust					
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
JSB	<-						
	EMPSta	0.134163	0.21962	0.61	0.541	-0.29628	0.564611
Info	<-						
	EMPSta	0.217553	0.199392	1.09	0.275	-0.17325	0.608354
Perf	<-						
	EMPSta	-0.05111	0.047789	-1.07	0.285	-0.14477	0.042558
	_cons	0.626816	0.07593	8.26	0	0.477995	0.775636

Source: own elaboration.

In the case of the Hypothesis 4 related to high JSB and psychological contracts with low temporality perception my suggestion was supported. Thus there are statistical signification ($\beta = 0.18$, $p < .01$) between these efforts and the temporal timeframe. In other words, individuals with high level of JSB develop short-term contracts. This is appreciated on the table 4.

Table 4 Analyses for Job Search Behavior (JSB) and Psychological Contract (Timeframe Dimension)

		Robust					
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
Time	<-						
	JSB	0.187094	0.045345	4.13	0*	0.098219	0.275969
	_cons	0.30308	0.062208	4.87	0	0.181154	0.425006

Notes: 202 respondents

* $p < .05$

** $p < .01$

Source: own elaboration.

Table 5 indicates the connotation for the *Information sharing candidate-headhunter* (M-N-O-P-Q-Infshapro1-Infshapro2) over my dependent variables, in the case on the hypothesis 6 the construct does not show statistical significance in relation to any of the possible outcomes of the relationship with the headhunter. Thus, the bounded rationality assumption that individuals will share more or less information and this may related to achieve more outcomes is not braced.

Table 5 Analyses for information sharing between candidate and headhunter (info) and Outcomes

		Robust					
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
Dep1	<-					-	
	Info	0.314614	0.651731	0.48	0.629	0.96276	1.591984
Dep2	<-					-	
	Info	-1.00775	1.114253	-0.9	0.366	3.19165	1.176142
	_cons	-1.16794	0.70577	-1.65	0.098	2.55123	0.21534
Dep3	<-					-	
	Info	-0.07322	2.870146	-0.03	0.98	-5.6986	5.552167
	_cons	-6.22607	2.797006	-2.23	0.026	11.7081	-0.74404
Dep4	<-					-	
	Info	-0.55462	1.003746	-0.55	0.581	2.52193	1.412681
	_cons	-3.42833	0.726705	-4.72	0	4.85264	-2.00401

Source: own elaboration.

Regardless that some hypotheses have been rejected, my model presents interesting statistical findings in regards the hypotheses 5 and 7. The hypothesis 5 is accepted on all 4 outcomes. Thus, individuals with a high job search behavior tend to be more likely to: receive a job offer from a headhunter's client or be shortlisted ($\beta = 0.95$, $p < .01$), been considered for another search with the same headhunter ($\beta = 2.35$, $p < .05$), received another job offer from another client of the headhunter ($\beta = 4.8$, $p < .05$), hired the same headhunter to do a search for their employer ($\beta = 1.45$, $p < .05$). Therefore, hypothesis 5 is fully supported.

For hypothesis 7, this is only accepted partially. However, the outcome that received significance is the one linked to receiving a job offer from a headhunter's client or be shortlisted ($\beta = 0.98$, $p < .01$). Having a perception of a relationship based on performance specificity between the candidate and the headhunter just relays to the main search process, not to some other outcomes. These previous arguments for hypotheses 5 and 7 can be seen on the table 6.

Table 6 Analyses for Psychological Contract performance dimension and Job Search Behavior towards Outcomes

		Robust					
		Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
Dep1	<-						
	Perf	0.981542	0.337093	2.91	0.004**	0.320851	1.642233
	JSB	0.952376	0.314844	3.02	0.002**	0.335294	1.569458
Dep2	<-						
	Perf	0.277079	0.552083	0.5	0.616	-0.80498	1.359141
	JSB	2.302249	0.743451	3.1	0.002*	0.845112	3.759386
	_cons	-1.16794	0.70577	-1.65	0.098	-2.55123	0.21534
Dep3	<-						
	Perf	1.666421	1.347823	1.24	0.216	-0.97526	4.308105
	JSB	4.836816	1.931832	2.5	0.012*	1.050495	8.623137
	_cons	-6.22607	2.797006	-2.23	0.026	-11.7081	-0.74404
Dep4	<-						
	Perf	0.728139	0.607952	1.2	0.231	-0.46343	1.919703
	JSB	1.459309	0.640624	2.28	0.023*	0.20371	2.714909
	_cons	-3.42833	0.726705	-4.72	0	-4.85264	-2.00401

Notes: 202 respondents

*p<.05

**p<.01

Source: own elaboration.

4.10 DISCUSSION

In the previous chapter (3) I suggested how headhunters are able to create a large group of candidates who match the clients' requirements, but sometimes are unable to achieve the matchmaking, all this from the clients-headhunter dyad. However, closing the whole executive search process, until the candidate receives an offer from the client, is what I have pronounced

and analyzed for this chapter. In this part, I highlighted answers to concerns argued by Sengupta. I explained how through the relationship developed between headhunter and candidates, the outcomes that the latter may achieve can be affected. My approach is based on the agency theory's problem domain (Eisenhardt 1989) of on which Principal and Agent had partly different goals and risk preferences. Nevertheless, through the creation of a non-written contract based on performance, efforts and short term, they aligned more their goals.

My survey analysis explains that those candidates that have high Job Search Behavior are active candidates (looking for a job), and therefore, are sending the right signals to potential recruiters and employers. Consequently, those individuals are more likely to receive job offers from employers. This finding is aligned with those presented by Saks, Zikic and Koen (2014). These individuals, considered active tend to take higher levels of risk in their efforts to find new job opportunities, regardless their employment status (employed or not) as the literature reviewed. Therefore, it is more consistent and rational that headhunters look for individuals who are actively seeking employment. Unfortunately for the headhunters, the fact a candidate may be employed or not is more related to the client's perception of the ideal candidate. This is somehow what I argue on the previous chapter about the filters set by the Human-Resource Unit or the Hiring Authority.

It seems that the contractual form presented between the candidate, and the headhunter is more aligned to the specificity of expectations, performance and short-term. The candidates who perceive clarity on what was expected from each of them during the engagement processes, tend to achieve higher outcomes. This specificity on performance can be the way that both parties use to control and close the potential gaps between their partial goals and risk preferences. This finds is aligned to the attraction developed by applicants when they perceive a positive behavior by the recruiter (Uggerslev, Fassina et al. 2012) that are not accounted in

the construct but may also be important. Ultimately, this contract form based on defined expectations, performance and short timeframes, present fewer information asymmetries. Headhunters, may try to develop relationships with candidates characterized on the transactional psychological contract (Rousseau 1989) (Short term and with a defined performance expectations). On the other side, contrary to what the theory review indicated, the employment status is not significant in this perception. I may argue that there could be some other factors like perceived motives, contact frequency and similarities (Wade-Benzoni, Rousseau et al. 2006) that are not accounted in the construct but may also be important.

The outcomes related to the relationship candidate-headhunter differ somehow by those pointed by Saks, Zikic and Koen (2014). The possibility of “piggy bag” or be hauling by the headhunter to another outcome is an interesting development in this research. This investigation considered those potential outcomes. Regardless that the statistical significance of those drops as we escalated on those other present outcomes, the reality is that candidates are in many cases considered for further searches with the same headhunter. In this point I see clear connection between Agency Theory and the context. Seems like the Job Search Behavior is connected to the self-interest assumption, thus is more valued in the long-term for the headhunter, being this a lasting element in the future relationship.

An interesting judgement derivable from this research is related to the information sharing. Not having statistical significance from the Employment Status and towards the outcomes is somehow confusing. However, I pose to see this as a situation related to the same confidentiality in the industry. For instance, candidates who engaged with headhunters may know more or less what information will be expected from them, and likewise, what they will receive from the headhunter.

Considering the previous findings, I'm inclined to think this research produces evidence testing

how some of the Agency Theory human assumptions are present on the candidate-headhunter dyad. These results, along with all the preceding theoretical-contextual review, I posit that Agency Theory provides a better understanding to this relationship. Not only for those elements that I have tested here, but there are still many more agency parallelisms with the triad that may be tested.

In summary, this chapter exams some agency theory assumptions that I documented. It additionally explains more in detail the business triad and process describe in the chapter 1.

4.11 LIMITATIONS AND SUGGESTIONS

Inherent limitations of the model developed in this chapter arise from the construct employment status, and Information shared. In the first one, all theory indicates that this construct was a good antecedent in relations to all the other variables considered. This is even more notorious in relation to the Risk Aversion human assumption on Agency Theory. This is most definitely a construct that requires refining and keeps developing. After, the analysis I'm inclined to see this variable as a composite that includes two dimensions, the original (Employed or not) and those related to Job Search Behavior. This at some point may lead to creating a unique construct that includes employment precondition and efforts looking for a job. That may point more towards the candidate's typology used by practitioners (active or passive) mentioned in this chapter, section 4.3.

The limitations in respects to the creation of the construct information sharing are somehow more complex. This is a paradigm that was built upon the only academic paper that express "common objects" in the relationship between candidates and headhunters (Britton, Wright et al. 2000). Those objects are the items that are included in the construct for this research. After the results obtained this is also a potential item to develop. I pointed early on the chapter how

broad and disperse from each other the factors were. A possibility it will be performing qualitative research to set what pieces of information are, in reality, better indicators for this construct.

Another limitation on this study is related to the sample size and type of sample. Even, that the model shown convergence, testing few hypotheses, and ultimately set some findings. I think a larger sample will definitely add value to the results. This is even more overbearing for those constructs non statistical significant. In relation to the sample, this has always been an issue when doing research about executive recruitment process. It seems like engaging with headhunters is not a good indicator of loyalty with employers (Khurana 2002b). As a result, the individuals who are contacted by headhunters are not sharing this situation with everyone. This condition is more present in their working environment. Therefore, considering the candidates a hidden population it was right. Nevertheless, that do not limit potential bias issues.

The main suggestion resulting from this last chapter, is that a large qualitative research similar to what it was done by Finlay and Coverdill is highly recommended in order to create new construct and concepts.

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CHAPTER 5: CONCLUSIONS

5.1 Introduction

5.2 Summary of contributions and findings

5.3 Limitations and future research

References

5.1 INTRODUCTION

This dissertation set out to analyze the relationship Client-Headhunter-Candidates from the Agency Theory perspective, providing consistent and realistic approximation to the situations and context previously indicated by research and anecdotal recollections on practitioner's literature. I have analyzed the triad by breaking it on two dyads, maintaining the headhunter as a hinge connecting both dyads. This study has also sought to know the executive recruitment process and the role for each of the parties involved.

This final chapter offers an outline and conversation of the findings indicated in chapters 2, 3 and 4, and what is implied in the research and practitioner's community. In the section 5.2, I summarize the dissertation contributions and findings. To end the dissertation on section 5.3, I specify the thesis contribution.

5.2 SUMMARY OF CONTRIBUTIONS AND FINDINGS

The study sought to answer the following research question:

What Agency Theory arguments and assumptions provide understanding for the client-

headhunter-candidate relationship as a triad?

Two theoretical and contextual reviews plus an empirical study were performed to answer this question. The first theoretical and contextual review concentrated the attention on studying the characteristics of this business triad and the executive search service industry. This initial review was structured in a way that I described the headhunting activity and the process while I pinpointed Agency situations and assumptions that created the foundations for my main hypothesis. The second review focused on embossing situations which the clients produce conscious or unconscious information asymmetries that compromise the relationship outcomes. In the review I proposed possible theoretical remedies for those situations. The empirical study presents a conceptual model tested using Generalized Structural Equation Modeling (GSEM). This model represents some constructs that, based on the literature review, characterize information asymmetry situations between headhunters and candidates. Those situations are, as I state in Chapter 4, non-common goals to achieve outcomes (for the candidate and, indirectly, to the headhunter).

Chapter 2 titled “Executive Recruitment Triads and Agency Theory” presents a different perspective to analyzing and understanding the triad relationship. This perspective is nothing else than explaining a relationship that traditionally was associated with cooperative efforts, when, in reality, Agency Theory presents a better framework to explain the interaction between all parties. Using this framework I gave potential solution to the concerns pointed by Sengupta (2004) in the non-alignment between headhunters and clients’ outcomes. Previous theoretical frameworks have assumed balanced information when this is, by nature, an asymmetric condition. This unevenness is reflected in the headhunter assumption that producing candidates with a good “fit” for the client is enough.

However, the review demonstrated that there are other elements to consider. These elements in

many cases are counted by the headhunter on each search process with the same clients. Therefore, long-term relationships produce better results for the clients. Another contribution that is important to point out is in relation to the Double Agency element on this triad. While it is true that initially the headhunter has a clear agency situation with the client, is not less true that when the process become narrower with a candidate, the latter transforms in another principal. I want to clarify that is not my position that the headhunter loses the fiduciary responsibility with the client, but at some point also defends the candidate's interest.

The contractual element is a part of the Agency Theory. The first review indicated potential different outcomes if the headhunter's payment scheme is under retainer and contingent scheme. Basically because the retainers headhunters tend to have exclusivity with their clients, setting longer relationships with those and, consequently, knowing more of their clients. Another outcome from this relationship is related to the timeframe to produce results. As I have stated in the Chapter 2, in the executive search firm the **timeframe to produce feasible candidates is questionable**. This is an opposed perception between headhunters and clients. Each of them has different expectations. This is therefore, **an asymmetric condition**. The theoretical implications in this section aimed to consider the executive search process as another proof that the Double Agency indicated by others is also notable on this context.

Based on the contributions presented in the chapter 2, clearly, theoretical, there are foundations which indicate that regardless of being a triad, this relationship can be explained better using agency theory. Conversely, the relationship client-headhunter matches perfectly with the customary Principal-Agent situation (Stiglitz 1987). Therefore, I considered more productive focus attention on the context of the executive search firms in the dyad client-headhunter.

Chapter 3 titled "Information Asymmetries between Clients and Headhunters" contributes in identifying, in this particular context, situations in which the clients generated information

imbalances. This section explains that **repetition of business helps to minimize asymmetries between the parties**. Each time the same headhunter and client interact, this creates an increment of each other's knowledge. In one hand, the **headhunter learns more from the client and FIT**, on the other hand, the client can **reduce informational gaps** that reduce risky situations during the process. Therefore, this section indicates that relationships that are based on long term assumptions between them tend to have positive outcomes. This long term condition may allow the headhunter to assimilate positively the double principal (HR Unit and Hiring authority), and be able to cover as much as possible in both conditions. The "hiring authority" and "hidden profile" are also two concepts that I created and developed in this section. From the theory standpoint, hiring authority looks for making a distinction between the person who may overview the recruitment process from the client, and who is really the person that will make the final decision. In the case of hidden profile, the concept indicates the constructions of a set of characteristics that are not clear from the client up front, in many cases related to bias that the hiring authority may have. This may be connected to research associated to stigmas (Kulik 2000, Falk 2001).

In respect to findings, Chapter 4 "The Headhunter-Candidate relationship a different form of Agency" presents evidence that the candidate's **employment status is not necessarily related to the outcome achieved by the candidate**. I posit that this situation may be explained following this rationale: Headhunters tend to consider, in most cases, employed candidates because these produced positive signals to potential employers. However, **when unemployed candidates are considered by the headhunter, this is because the latter can market that group of candidates (either because their background or particular characteristics)**. The employment status for the candidate is not related to the importance that they give to information shared between. Therefore, **the rationale behind individuals with different risk aversion is not associated with the information shared during the process**. Nevertheless,

those candidates who engage in higher efforts to obtain a job are related to positive outcomes. This supports the bounded rationality assumption from which individuals will base their decisions on information asymmetries. Thus, because candidates understand that obtaining a job offer is in part contingent to a third party decision, they maintain efforts at least until they decide to accept or reject the offer.

The other important finding set on the Chapter 4 discusses about the characteristics of the contractual element that I argued. My main argument in this matter is that the psychological contract construct may explain the relationship between candidates and headhunters. This was tested by considering the two dimensions recognizable Performance, and Timeframe (Rousseau 1989). Both conditions (performance and timeframe) demonstrate significance. There are theoretical and empirical elements which may have some sort of contract among them, and it may rule this relationship. Therefore, my suggestion for a contract with similar characteristics to Psychological contracts is valuable.

Based on the above arguments, I support my contributions in the Management and Human Resources Theory. Certainly, there are many other contexts which my research contribution may help. However, I'm inclined that there is an enormous gap in academic research that supports the practitioners like the executive recruiters or headhunters.

5.3 LIMITATIONS AND FUTURE RESEARCH

This study focus on explaining the triad relationship client-headhunter-candidate using the human and organizational assumptions that Agency Theory presents. I have performed this task by developing three content blocks (Chapters 2, 3, and 4). The first two blocks are theoretical and context reviews, and the last one is an empirical study. Like any other academic

research in the continuous search for new ideas and evidence, this presents a group of limitations and future research lines.

Chapter 2 established parallelism between the triad context and the Agency Theory assumptions, mainly focusing on information asymmetries and therefore, moral hazard. The first limitation is related to adverse selection (Akerlof 1970). Independently that I did provide a group of arguments backed up with authors' positions on this matter, these positions are not supported with empirical evidence. I see that as a potential line to follow in future research. For instance, this dissertation may lead to research on what happened when the process went wrong.

Although in Chapter 4 this situation is partially reviewed from the candidate's perspective, it will be imperative to empirically support this position. The previous research done by Finlay and Coverdill (2002) indicates that clients minimize adverse selection with the guarantees offered by headhunters, but now the concern is how adverse selection works for the headhunter. This being a dependence relationship, the headhunter will assume all process failures regardless of whether or not this is coming from the client. Furthermore, what happened if the adverse selection is exercised by the candidate, in other words, it chose a wrong employer. This is undeniably an area of future research.

Another limitation that this chapter has is related to the payment schemes. I presented theoretical argument indicating that retainer's headhunters tend to provide better services than contingents. However, this is just supported with practitioner evidence, but is not empirically tested. This is a proposition that may lead to research on these particular items.

For chapter 3, "Information Asymmetries between Clients and Headhunters" I developed theory and context that exemplified situations on which the client may produce information asymmetries for the process, an important related concept, which was previously mentioned,

is fit. I think this may be a limitation on that chapter. Fit is a broad concept (Rynes, Bretz Jr et al. 1990), this is why now, authors have come narrower. For instance, the chapter doesn't develop the job fit and organization fit. In Chapter 2 these two concepts are mentioned but are not developed. This is a clear potential area of research on the executive search process. It will be interesting for the academia and practitioners know if headhunters are able to produce candidates with both types of fit or one of them.

This chapter also develops the "double principal" concept, which is somehow aligned to the previous research done by Finlay and Coverdill (2002). This concept has not been tested. Therefore, it will be important to come up with empirical evidence that measures if there is this duality with same client. I see a latent research on measuring the headhunter's results when those are more aligned within the HR Unit or the Hiring Authority.

A third limitation for Chapter 3 falls precisely on how natural the agency relationship is seen between client and headhunter. It is possible that due to a high level headhunter's dependency on the client, at least on the initial stage, the headhunter is willing to accept more information asymmetries in order to get the business. Doing research on how the headhunter can reduce these asymmetries is most definitely a considerable element for investigation.

On the last content stage for this dissertation (Chapter 4), because it involves an empirical part, the limitations are linked to those constructs that didn't report significance in the model. The first construct in this condition is Employment Status. I see imperative to do more research in this matter. For instance, it will be valuable to know how headhunters are able to market those individuals who may be unemployed. Also, a comparative study between unemployed candidates and those which said they? were doing consulting would be significant. This is a limitation for the dissertation.

Chapter 4 also indicates the limitations related to the information shared construct. I overestimate the predictable capacity for this construct. I think the broadness of those factors used to measure this concept, indirectly limited the intentions behind its usage. Therefore, a more in-depth analysis and research about what information exchanges happen during the process are recommended.

The limitation that I considered a short term task after this dissertation is increasing the number of respondents and retesting the model using another statistical software package to confirm findings. However, this may also be seen it as a positive contribution in the usage of Stata SE 13.1 on models similar to mine. My literature review has indicated that this is not the more common approach.

Overall, the biggest limitation on this dissertation is the triad itself. Any relationship that involves three or more parties may generate exponential differences on perception. This, along the enormous confidentiality on this industry may be seen as a dead-end road for many researchers. I personally saw this as a motivating challenge while developing this dissertation.

I see prospective benefits of developing an extensive qualitative research on this triad that may help to solve potential gaps left for previous research, including this one.

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APPENDIX:

A. Email sent to respondents

B. Survey Copy

C. Screenshot for the online survey

D. Survey Demographics

MATERIAL FOR SURVEY

A. EMAIL SENT TO RESPONDENTS

Hello,

I am a doctoral student at Universidad Pablo de Olavide in Seville Spain. Currently I am conducting research for my dissertation. This study focuses on the Headhunter - Candidates relationships. The link below is for a short survey about this topic, which will take no more than 15 minutes to complete. At the end of the survey, you will have the chance to enter your email to receive the aggregated results if you are interested.

Your responses will be kept confidential, and your name will not be reported in connection with your responses in anyway. Thank you for your time and input! Please click on this link to complete the survey: <http://goo.gl/DFWwJl>

Please contact with any questions.

Thank You,

Carlos M. Baldo

B. SURVEY COPY

Our Survey is in English and Spanish, what language would you prefer? Nuestra encuesta esta en Inglés y Español, ¿En qué lenguaje prefiere tomarla?

	Response Percent	Response Total
1-) English (Inglés)	%	
2-) Español (Spanish)	%	
Total Respondents:		

1-) Have you ever engaged with an external recruiter or headhunter in a recruiting process? By engagement we mean responding emails, calls, interviews, etc. If you have never responded emails, calls or interviews, etc. from an external recruiter or headhunter please respond "No".

	Response Percent	Response Total
1-) Yes, once.	%	
2-) Yes, more than once.	%	
3-) No.	%	
Total Respondents:		

2-) After my last interactions and relationship with the headhunter, I: (mark all that apply)

	Response Percent	Response Total
1-) had a phone interview with the headhunter	%	
2-) had a face to face interview with the headhunter	%	
3-) had a phone interview with the headhunter's client (hiring company)	%	
4-) had a face to face interview with the headhunter's client (hiring company)	%	
5-) received a job offer from the headhunter's client (hiring company)	%	
6-) was considered for other searches done by the headhunter	%	
7-) received another job offer from another client of the headhunter	%	
8-) hired the same headhunter to do a search for my employer	%	
Total Respondents:		

3-) At the last time you were contacted by a headhunter, how important was to receive the following information to maintain your interest in the process:

	1	2	3	4	5	Response Total
Job specifications (details about the position for which you had been considered, title, staff, responsibility, actual situation, report line, etc.)	% (0)	% (0)	% (0)	% (0)	% (0)	0
Interview details (type of interviews, schedule and times, interviewers information, attire, etc.)	% (0)	% (0)	% (0)	% (0)	% (0)	0
Career advice (headhunter's information about the position's alignment with your career compared to other positions in the job market, quality of the position, growth possibilities, etc.)	% (0)	% (0)	% (0)	% (0)	% (0)	0
Compensation package (salary expected, tangible and intangible benefits, retirement plan, medical insurance, relocation assistance, signing bonus, etc.)	% (0)	% (0)	% (0)	% (0)	% (0)	0
Company information (industry, years in business, financial situation, locations, international exposure, products or services, # employees, # branches, etc.)	% (0)	% (0)	% (0)	% (0)	% (0)	0
Total Respondents:						0

4-) At the last time you were contacted by a headhunter, how willing were you to:

	1	2	3	4	5	Response Total
Provide resume and documents (CV or resume, contact or professional references, any other document that may help the headhunter to present your credentials to their client).	% (0)	% (0)	% (0)	% (0)	% (0)	0
Take psychometric or similar tests (willing to participate in a timely manner in tests or other evaluations as required).	% (0)	% (0)	% (0)	% (0)	% (0)	0
Total Respondents:						0

5-) Which of the following best describes your last relationship with the headhunter?

	Response Percent	Response Total
1-)This relationship involved guidance. The time frame for the duration of the relationship was left open-ended. The requirements for a successful search process were implicit.	0 %	0
2-)This relationship involved a search process with a specific time frame. The requirements for a successful search process were clear and explicit.	0%	0

3-)This relationship involved both a guiding relationship and at least one search process.The time frame for the duration of the relationship was understood to be open-ended(long) term.The requirements for a successful search process were well-spezif		
4-)This collaboration had no specified time frame or requirements for a successful search process.		
Total Respondents:	0	

6-) Before engaging last time with the headhunter, I was




	1	2	3	4	5	Response Total
using social networks to obtain job leads.	% (0)	% (0)	% (0)	% (0)	% (0)	0
preparing resumes that would get me job interviews.	% (0)	% (0)	% (0)	% (0)	% (0)	0
impressing interviewers during employment interview.	% (0)	% (0)	% (0)	% (0)	% (0)	0
making “cold calls” that would get me a job interview.	% (0)	% (0)	% (0)	% (0)	% (0)	0
conducting information interviews to find out about careers and jobs that I was interested in pursuing.	% (0)	% (0)	% (0)	% (0)	% (0)	0
preparing a sales pitch that would attract the interest of employers.	% (0)	% (0)	% (0)	% (0)	% (0)	0
planning and organizing a weekly job search schedule.	% (0)	% (0)	% (0)	% (0)	% (0)	0
finding out where job openings existed.	% (0)	% (0)	% (0)	% (0)	% (0)	0
using a variety of sources to find job opportunities.	% (0)	% (0)	% (0)	% (0)	% (0)	0
searching for and finding good job opportunities.	% (0)	% (0)	% (0)	% (0)	% (0)	0
Total Respondents:						0

7-) Last time you were contacted by a headhunter or executive recruiter, you were:















	Response Percent	Response Total
1- Employed.	0 %	0
2- Unemployed.	0 %	0
3- Doing Consulting or Self Employed.	0 %	0
4- Retired.	0.00 %	0

Total Respondents:	0
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8-) What is your gender?

		Response Percent	Response Total
1- Male		0 %	0
2- Female		0 %	0
3- Prefer not to answer.		0 %	0
Total Respondents:			0

9-) Last time you were contacted by the headhunter, you were working on a company (or have previously work) in what industry or sector?

		Response Percent	Response Total
1		0 %	0
2		0 %	0
3		0 %	0
4		0 %	0
5		0 %	0
6		0 %	0
7		0 %	0
8		0 %	0
9		0 %	0
10		0 %	0
11		0 %	0
12		0 %	0
13		0 %	0
14		0 %	0
Total Respondents:			0

10-) Last time you were contacted by the headhunter what was your employment level?

		Response Percent	Response Total
1- Technical/Specialist position (i.e. IT, Lawyer, etc)		0 %	0
2- Staff		0 %	0
3- Supervision		0 %	0
4- Mid Management		0 %	0
5- Top Management		0 %	0
Total Respondents:			0

11-) Last time you were contacted by the headhunter, you were working (or have previously work) in a company with subsidiaries in

		Response Percent	Response Total
1		0 %	0
2		0 %	0
3		0 %	0
4		0 %	0
5		0 %	0
Total Respondents:			0

12-) Last time you were contacted by the headhunter, you were working (or have previously work) on a company with subsidiaries on the following regions (leave it unanswered if previous question you answered "No Subsidiaries", mark all that applied)

		Response Percent	Response Total
1		0 %	0
2		0 %	0
3		0 %	0
4		0 %	0
5		0 %	0
6		0 %	0
7		0 %	0
8		0 %	0
9		0 %	0
10		0 %	0
Total Respondents:			0

13-) Last time you were contacted by the headhunter, what was your highest level of education completed?

		Response Percent	Response Total
1		0 %	0
2		0 %	0
3		0 %	0
4		0 %	0
5		0 %	0
Total Respondents:			0

14-) Last time you were contacted by the headhunter, in which of the following languages were you fluent?

		Response Percent	Response Total
1		0 %	0
2		0 %	0
3		0 %	0
4		0 %	0
5		0 %	0
			0 View Detail

Total Respondents:	0
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15-) How many times have you participated as candidate in recruiting processes through Headhunters or Executive recruiters?

	Response Percent	Response Total
1-) 1.	0 %	0
2-) between 2-3	0 %	0
3-) between 4-5	0 %	0
4-) between 6-7	0 %	0
5-) 8 or more	0 %	0
Total Respondents:		0

16-) Last time you were contacted by the headhunter, how old were you?

	Response Percent	Response Total
1-) below 25	0 %	0
2-) between 25-34	0 %	0
3-) between 35-44	0 %	0
4-) between 45-54	0 %	0
5-) between 55-64	0 %	0
6-) more than 64	0 %	0
Total Respondents:		0

17-) Last time you were contacted by the headhunter, how many years of employment did you have with that employer (or the previous if you were unemployed)?







	Response Percent	Response Total
1-) between 0-1 years	0 %	0
2-) between 2-3 years	0 %	0
3-) between 4-5 years	0 %	0
4-) between 6-7 years	0 %	0
5-) 8 or more years	0 %	0
	0 %	0
Total Respondents:		0

18-) Last time you were contacted by the headhunter, how many professional jobs had you held?

	Response Percent	Response Total
1-) Just 1.	0 %	0
2-) Between 2-3.	0 %	0
3-) Between 4-5.	0 %	0
4-) Between 6-7.	0 %	0
5-) 8 or more.	0 %	0
Total Respondents:		0

19-) The position for which you were contacted last time by the headhunter:						Response Total
	1	2	3	4	5	
had higher rank than your previous assignment. (Manager to Vice president, Supervisor to Manager, etc.).	% (0)	% (0)	% (0)	% (0)	% (0)	0
was in a bigger company than your previous assignment.	% (0)	% (0)	% (0)	% (0)	% (0)	0
had a higher salary than your previous assignment.	% (0)	% (0)	% (0)	% (0)	% (0)	0
had more flexibility than your previous assignment.	% (0)	% (0)	% (0)	% (0)	% (0)	0
had more growth opportunities than your previous assignment.	% (0)	% (0)	% (0)	% (0)	% (0)	0
had more challenges than your previous assignment.	% (0)	% (0)	% (0)	% (0)	% (0)	0
Total Respondents:						0

19b-)Please indicate your level of agreement with the following statements						Response Total
	1	2	3	4	5	
The time frame on the relationship between you and the headhunter was defined as long term.	% (0)	% (0)	% (0)	% (0)	% (0)	0
What was required from you to have success on the executive search process with the headhunter was defined.	% (0)	% (0)	% (0)	% (0)	% (0)	0
Total Respondents:						0

20-) How long ago were you last contacted by the headhunter?				Response Percent	Response Total
1-) during the last year				0 %	0
2-) between 1-2 years ago				0 %	0
3-) between 3-4 years ago				0 %	0
4-) between 4-5 years ago				0 %	0
5-) 6 or more years ago				0 %	0
				0 %	0
Total Respondents:					0

21-) In what country are you currently located?			Response Percent	Response Total
AD - Andorra			0.00 %	0

AE - United Arab Emirates	0.00 %	0
AF - Afghanistan	0.00 %	0
AG - Antigua and Barbuda	0.00 %	0
AI - Anguilla	0.00 %	0
AL - Albania	0.00 %	0
AM - Armenia	0.00 %	0
AO - Angola	0.00 %	0
AQ - Antarctica	0.00 %	0
AR - Argentina	0.00 %	0
AS - American Samoa	0.00 %	0
AT - Austria	0.00 %	0
AU - Australia	0.00 %	0
AW - Aruba	0.00 %	0
AZ - Azerbaijan	0.00 %	0
BA - Bosnia and Herzegovina	0.00 %	0
BB - Barbados	0.00 %	0
BD - Bangladesh	0.00 %	0
BE - Belgium	0.00 %	0
BF - Burkina Faso	0.00 %	0
BG - Bulgaria	0.00 %	0
BH - Bahrain	0.00 %	0
BI - Burundi	0.00 %	0
BJ - Benin	0.00 %	0
BL - Saint Barthelemy	0.00 %	0
BM - Bermuda	0.00 %	0
BN - Brunei	0.00 %	0
BO - Bolivia	0.00 %	0
BR - Brazil	0.00 %	0
BS - Bahamas, The	0.00 %	0
BT - Bhutan	0.00 %	0
BV - Bouvet Island	0.00 %	0
BW - Botswana	0.00 %	0
BY - Belarus	0.00 %	0
BZ - Belize	0.00 %	0
CA - Canada	0.00 %	0
CC - Cocos (Keeling) Islands	0.00 %	0
CD - Congo, Democratic Republic of the	0.00 %	0
CF - Central African Republic	0.00 %	0
CG - Congo, Republic of the	0.00 %	0
CH - Switzerland	0.00 %	0
CI - Cote d'Ivoire	0.00 %	0
CK - Cook Islands	0.00 %	0
CL - Chile	0.00 %	0
CM - Cameroon	0.00 %	0

CN - China	0.00 %	0
CO - Colombia	0.00 %	0
CR - Costa Rica	0.00 %	0
CU - Cuba	0.00 %	0
CV - Cape Verde	0.00 %	0
CW - Curacao	0.00 %	0
CX - Christmas Island	0.00 %	0
CY - Cyprus	0.00 %	0
CZ - Czech Republic	0.00 %	0
DE - Germany	0.00 %	0
DJ - Djibouti	0.00 %	0
DK - Denmark	0.00 %	0
DM - Dominica	0.00 %	0
DO - Dominican Republic	0.00 %	0
DZ - Algeria	0.00 %	0
EC - Ecuador	0.00 %	0
EE - Estonia	0.00 %	0
EG - Egypt	0.00 %	0
EH - Western Sahara	0.00 %	0
ER - Eritrea	0.00 %	0
ES - Spain	0.00 %	0
ET - Ethiopia	0.00 %	0
FI - Finland	0.00 %	0
FJ - Fiji	0.00 %	0
FK - Falkland Islands (Islas Malvinas)	0.00 %	0
FM - Micronesia, Federated States of	0.00 %	0
FO - Faroe Islands	0.00 %	0
FR - France	0.00 %	0
FX - France, Metropolitan	0.00 %	0
GA - Gabon	0.00 %	0
GB - United Kingdom	0.00 %	0
GD - Grenada	0.00 %	0
GE - Georgia	0.00 %	0
GF - French Guiana	0.00 %	0
GG - Guernsey	0.00 %	0
GH - Ghana	0.00 %	0
GI - Gibraltar	0.00 %	0
GL - Greenland	0.00 %	0
GM - Gambia, The	0.00 %	0
GN - Guinea	0.00 %	0
GP - Guadeloupe	0.00 %	0
GQ - Equatorial Guinea	0.00 %	0
GR - Greece	0.00 %	0

GS - South Georgia and the Islands	0.00 %	0
GT - Guatemala	0.00 %	0
GU - Guam	0.00 %	0
GW - Guinea-Bissau	0.00 %	0
GY - Guyana	0.00 %	0
HK - Hong Kong	0.00 %	0
HM - Heard Island and McDonald Islands	0.00 %	0
HN - Honduras	0.00 %	0
HR - Croatia	0.00 %	0
HT - Haiti	0.00 %	0
HU - Hungary	0.00 %	0
ID - Indonesia	0.00 %	0
IE - Ireland	0.00 %	0
IL - Israel	0.00 %	0
IM - Isle of Man	0.00 %	0
IN - India	0.00 %	0
IO - British Indian Ocean Territory	0.00 %	0
IQ - Iraq	0.00 %	0
IR - Iran	0.00 %	0
IS - Iceland	0.00 %	0
IT - Italy	0.00 %	0
JE - Jersey	0.00 %	0
JM - Jamaica	0.00 %	0
JO - Jordan	0.00 %	0
JP - Japan	0.00 %	0
KE - Kenya	0.00 %	0
KG - Kyrgyzstan	0.00 %	0
KH - Cambodia	0.00 %	0
KI - Kiribati	0.00 %	0
KM - Comoros	0.00 %	0
KN - Saint Kitts and Nevis	0.00 %	0
KP - Korea, North	0.00 %	0
KR - Korea, South	0.00 %	0
KW - Kuwait	0.00 %	0
KY - Cayman Islands	0.00 %	0
KZ - Kazakhstan	0.00 %	0
LA - Laos	0.00 %	0
LB - Lebanon	0.00 %	0
LC - Saint Lucia	0.00 %	0
LI - Liechtenstein	0.00 %	0
LK - Sri Lanka	0.00 %	0
LR - Liberia	0.00 %	0
LS - Lesotho	0.00 %	0
LT - Lithuania	0.00 %	0

LU - Luxembourg	0.00 %	0
LV - Latvia	0.00 %	0
LY - Libya	0.00 %	0
MA - Morocco	0.00 %	0
MC - Monaco	0.00 %	0
MD - Moldova	0.00 %	0
ME - Montenegro	0.00 %	0
MF - Saint Martin	0.00 %	0
MG - Madagascar	0.00 %	0
MH - Marshall Islands	0.00 %	0
MK - Macedonia	0.00 %	0
ML - Mali	0.00 %	0
MM - Burma	0.00 %	0
MN - Mongolia	0.00 %	0
MO - Macau	0.00 %	0
MP - Northern Mariana Islands	0.00 %	0
MQ - Martinique	0.00 %	0
MR - Mauritania	0.00 %	0
MS - Montserrat	0.00 %	0
MT - Malta	0.00 %	0
MU - Mauritius	0.00 %	0
MV - Maldives	0.00 %	0
MW - Malawi	0.00 %	0
MX - Mexico	0.00 %	0
MY - Malaysia	0.00 %	0
MZ - Mozambique	0.00 %	0
NA - Namibia	0.00 %	0
NC - New Caledonia	0.00 %	0
NE - Niger	0.00 %	0
NF - Norfolk Island	0.00 %	0
NG - Nigeria	0.00 %	0
NI - Nicaragua	0.00 %	0
NL - Netherlands	0.00 %	0
NO - Norway	0.00 %	0
NP - Nepal	0.00 %	0
NR - Nauru	0.00 %	0
NU - Niue	0.00 %	0
NZ - New Zealand	0.00 %	0
OM - Oman	0.00 %	0
PA - Panama	0.00 %	0
PE - Peru	0.00 %	0
PF - French Polynesia	0.00 %	0
PG - Papua New Guinea	0.00 %	0
PH - Philippines	0.00 %	0
PK - Pakistan	0.00 %	0

PL - Poland	0.00 %	0
PM - Saint Pierre and Miquelon	0.00 %	0
PN - Pitcairn Islands	0.00 %	0
PR - Puerto Rico	0.00 %	0
PS - Gaza Strip	0.00 %	0
PS - West Bank	0.00 %	0
PT - Portugal	0.00 %	0
PW - Palau	0.00 %	0
PY - Paraguay	0.00 %	0
QA - Qatar	0.00 %	0
RE - Reunion	0.00 %	0
RO - Romania	0.00 %	0
RS - Serbia	0.00 %	0
RU - Russia	0.00 %	0
RW - Rwanda	0.00 %	0
SA - Saudi Arabia	0.00 %	0
SB - Solomon Islands	0.00 %	0
SC - Seychelles	0.00 %	0
SD - Sudan	0.00 %	0
SE - Sweden	0.00 %	0
SG - Singapore	0.00 %	0
SH - Saint Helena, Ascension, and Tristan da Cunha	0.00 %	0
SI - Slovenia	0.00 %	0
SJ - Svalbard	0.00 %	0
SK - Slovakia	0.00 %	0
SL - Sierra Leone	0.00 %	0
SM - San Marino	0.00 %	0
SN - Senegal	0.00 %	0
SO - Somalia	0.00 %	0
SR - Suriname	0.00 %	0
SS - South Sudan	0.00 %	0
ST - Sao Tome and Principe	0.00 %	0
SV - El Salvador	0.00 %	0
SX - Sint Maarten	0.00 %	0
SY - Syria	0.00 %	0
SZ - Swaziland	0.00 %	0
TC - Turks and Caicos Islands	0.00 %	0
TD - Chad	0.00 %	0
TF - French Southern and Antarctic Lands	0.00 %	0
TG - Togo	0.00 %	0
TH - Thailand	0.00 %	0
TJ - Tajikistan	0.00 %	0
TK - Tokelau	0.00 %	0

TL - Timor-Leste	0.00 %	0
TM - Turkmenistan	0.00 %	0
TN - Tunisia	0.00 %	0
TO - Tonga	0.00 %	0
TR - Turkey	0.00 %	0
TT - Trinidad and Tobago	0.00 %	0
TV - Tuvalu	0.00 %	0
TW - Taiwan	0.00 %	0
TZ - Tanzania	0.00 %	0
UA - Ukraine	0.00 %	0
UG - Uganda	0.00 %	0
UM - United States Minor Outlying Islands	0.00 %	0
US - United States	0.00 %	0
UY - Uruguay	0.00 %	0
UZ - Uzbekistan	0.00 %	0
VA - Holy See (Vatican City)	0.00 %	0
VC - Saint Vincent and the Grenadines	0.00 %	0
VE - Venezuela	0.00 %	0
VG - British Virgin Islands	0.00 %	0
VI - Virgin Islands	0.00 %	0
VN - Vietnam	0.00 %	0
VU - Vanuatu	0.00 %	0
WF - Wallis and Futuna	0.00 %	0
WS - Samoa	0.00 %	0
XK - Kosovo	0.00 %	0
YE - Yemen	0.00 %	0
YT - Mayotte	0.00 %	0
ZA - South Africa	0.00 %	0
ZM - Zambia	0.00 %	0
ZW - Zimbabwe	0.00 %	0
Total Respondents:		0

22-) If you have any comments or suggestions about this survey, please write them in this box.

Total Respondents:

[0 View Detail](#)

23-) Would you like to receive the survey results? If so, please provide your email.

Total Respondents:

[0 View Detail](#)

C. SCREENSHOT FOR THE ONLINE SURVEY



Pablo de Olavide University Seville Spain /
Universidad Pablo de Olavide Sevilla España
Organization and Marketing Department /
Departamento de Organización y Marketing
Research survey/
Encuesta de investigación

Relationship Client-Headhunter-Candidate / Relación Cliente-Headhunter-Candidato



Progreso bar / Barra de progreso

This survey is part of a Doctoral Dissertation for the Department of Organization and Marketing at Universidad Pablo de Olavide in Seville, Spain. This research is about the relationships between clients, headhunters () and candidates, from the perspective of the latter. You are being considered for this survey because you have been or are a potential candidate for headhunters. We will be grateful if answer the following questions (participation is voluntary); your input is very important to us. It is very important that you answer to the best of your ability. All your answers will be confidential. All demographic data (age, gender, years of experience or tenure, etc.) will be used to aggregate statistical information, not in individual form. Your collaboration is very much appreciated.*

If you have any questions, comments or suggestions about this survey contact Carlos M. Baldo via email at: cbalort@alumno.upo.es , c.baldo@aquinas.edu or carlangasbal@yahoo.com .

() "Executive search firms are also known as executive search consultants, executive recruiters, or headhunters. An executive search firm is a third-party agent who is paid a fee by client companies and organizations to help them attract, hire, and develop leaders." Piccolo, J. (2012).*

1-) Have you ever engaged with an external recruiter or headhunter in a recruiting process? By engagement we mean responding emails, calls, interviews, etc. If you have never responded emails, calls or interviews, etc. from an external recruiter or headhunter please respond "No". *

☐ 1-) Yes, once.

☐ 2-) Yes, more than once.

☐ 3-) No.

D. SURVEY DEMOGRAPHICS

Table 7 Demographic information for Employment Status

		Emp. Stat			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed	148	73.3	73.3	73.3
	Unemployed	24	11.9	11.9	85.1
	Doing Consulting or Self	30	14.9	14.9	100.0
	Employed				
	Total	202	100.0	100.0	

Table 8 Demographic information for Gender

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	151	74.8	74.8	74.8
	Female	51	25.2	25.2	100.0
	Total	202	100.0	100.0	

Table 9 Demographic information for Industry or Sector

Industry or Sector					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Oil & Gas (Producer, Equipment, Alternative Energy)	11	5.4	5.4	5.4
	Basic Materials (Chemicals, Forestry & Paper, Industrial Metal, Mining)	2	1.0	1.0	6.4
	Industrial (Construction & Materials, Industrial Goods and Services)	24	11.9	11.9	18.3
	Consumer Goods (Automobiles & Parts, Food & Beverage, Personal & Household goods)	45	22.3	22.3	40.6
	Health Care (Providers, Equipment, Services, Pharmaceutical and Biotechnology)	17	8.4	8.4	49.0
	Consumer Services (Retail, Wholesale, Media, Travel & Leisure)	17	8.4	8.4	57.4
	Telecommunications	13	6.4	6.4	63.9
	Financials (Bank, Insurance, Real Estate and Financial Services)	24	11.9	11.9	75.7
	Technology	14	6.9	6.9	82.7
	Government	3	1.5	1.5	84.2
	NGO (Non-profit)	2	1.0	1.0	85.1
	Education	4	2.0	2.0	87.1
	Other	26	12.9	12.9	100.0
	Total	202	100.0	100.0	

Table 10 Demographic information for Position Level

Position level		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Technical/Specialist position (i.e. IT, Lawyer, etc)	19	9.4	9.4	9.4
	Staff	22	10.9	10.9	20.3
	Supervision	32	15.8	15.8	36.1
	Mid Management	82	40.6	40.6	76.7
	Top Management	47	23.3	23.3	100.0
	Total	202	100.0	100.0	

Table 11 Demographic information for level of education

Level of Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	2	1.0	1.0	1.0
	Associate	7	3.5	3.5	4.5
	Bachelor	79	39.1	39.1	43.6
	Master	108	53.5	53.5	97.0
	PhD or Doctoral	6	3.0	3.0	100.0
	Total	202	100.0	100.0	

Table 12 Demographic information for # times engaged with headhunter

Times Participated		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once	29	14.4	14.4	14.4
	between 2-3	94	46.5	46.5	60.9
	between 4-5	48	23.8	23.8	84.7
	between 6-7	10	5.0	5.0	89.6
	8 or more	21	10.4	10.4	100.0
	Total	202	100.0	100.0	

Table 13 Demographic information for Candidates Age

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25	15	7.4	7.4	7.4
	between 25-34	63	31.2	31.2	38.6
	between 35-44	88	43.6	43.6	82.2
	between 45-54	25	12.4	12.4	94.6
	between 55-64	10	5.0	5.0	99.5
	more than 64	1	.5	.5	100.0
	Total	202	100.0	100.0	

Table 14 Demographic information for tenure before last engagement with the headhunter

		Tenure at position			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	between 0-1 years	39	19.3	19.3	19.3
	between 2-3 years	52	25.7	25.7	45.0
	between 4-5 years	56	27.7	27.7	72.8
	between 6-7 years	15	7.4	7.4	80.2
	8 or more years	40	19.8	19.8	100.0
	Total	202	100.0	100.0	

Table 15 Demographic information for Candidates Job mobility

		Job Mobility			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Just 1	23	11.4	11.4	11.4
	Between 2-3	81	40.1	40.1	51.5
	Between 4-5	75	37.1	37.1	88.6
	Between 6-7	13	6.4	6.4	95.0
	8 or more	10	5.0	5.0	100.0
	Total	202	100.0	100.0	

ACKNOWLEDGEMENTS

This dissertation has been developed from 2010 until 2015. Originally, it was set to be multiple-papers dissertation. Nevertheless, due to time frames related to reviewing and resubmitting's processes, along with my conditions of full-time employment, this plan was changed. However, from this dissertation there is one paper published, another one in process of submitting to a third Journal, and a working paper in final stage. The biggest challenges during the development were related to being a full time consultant as well as instructor or professor during the thesis development. To overcome these challenges, I found support in a large group of people and collaborators. I personally think the biggest lesson learned is bridging theory and practice.

This effort was possible with the support of: my Dissertation Chair Dr. Ramon Valle-Cabrera, who put his trust in me and allowed me to be independent. My friend, mentor and tutor Dr. Miguel Olivas-Lujan, who was there consistently and brought me back to the US. My collaborator Dr. William Pratt, whom is my biggest supporter in the empirical part. To Dr. William Newberry from Florida International University, whom has allowed me to be part of his research group. I would like also to thank the CEDEP and the Organization and Marketing Department at Universidad Pablo de Olavide, for giving me a scholarship for my doctoral courses. Many thanks to Asesores Balor C.A. who allow me to do headhunting for three years learning the "ins" and "outs" of the profession. Recognitions to all the participants and respondents for the survey. Without them will be impossible. Cheers to all reviewers, editors, writing centers (Clarion University and Aquinas College) and colleagues, including Ligia Ortiz and Maite Ortiz.

To my wife Luisa who supports me all this time and gave me my biggest joy Ricardo, my son.

To my parents and relatives, many thanks for their emotional and financial support. To my brother Tony who helped me with the Online Survey, and my brother Ricky who gave me room and board in many visits to Madrid. To my friends Francisco Segura and Jose Maria Ascension, my doctoral cohort classmates, and all those friends in the Residencia Flora Tristan especially the “Los Inmortales”, whom made my doctoral students days the BEST. Finally, but to the most important **Jesus of Nazareth** who has always been there, even in the darkest moments.

Thanks to all of you.

RESUMEN EN ESPAÑOL

(SUMMARY IN SPANISH)

A. Resumen

- a. Importancia de estudiar la triada Cliente-Headhunter-Candidato**
- b. Importancia de estudiar la relación Cliente-Headhunter-Candidato usando teoría de la agencia**
- c. Importancia de estudiar los procesos de búsqueda ejecutiva usando terceros, para efectos del reclutamiento y selección y el desarrollo de carrera**
- d. Importancia de estudiar los procesos de búsqueda ejecutiva usando intermediarios para la comunidad de profesionales**

B. Pregunta de Investigación y Contribuciones

- a. Pregunta de Investigación**
- b. Contribuciones**

Referencias

A. RESUMEN

Esta tesis versa teórica y empíricamente que los supuestos personales y organizacionales de la teoría de la agencia pueden explicar de manera más acorde la relación en una triada de negocios como lo son Cliente-Headhunter-Candidato. Por otra parte, esta desarrolla investigación en los procesos de búsqueda de talento ejecutivo usando terceros o intermediarios. Este estudio identifica algunas situaciones en esta relación que podrían comprometer todo el proceso. Esta relación de triada es analizada en diadas, usando al headhunter como bisagra o elemento comunicante entre las otras dos partes. La hipótesis central es que la teoría de la agencia presenta argumentos y supuestos más sólidos alineados con las situaciones del mundo real. Esto les permite a los investigadores entender las fallas en los procesos de búsqueda ejecutiva, creando la posibilidad de mejorar estos procesos.

La hipótesis central es revisada y comprobada en varias etapas. Primero, a través de revisiones teóricas y contextuales de la relación triangular en cuestión y de la diada cliente-headhunter. En segunda etapa, se comprobó parcialmente la hipótesis central en la diada Headhunter-Candidato por medio del análisis de datos derivados de una encuesta entre los 202 candidatos los cuales han sido contactados por headhunters.

Esta tesis ofrece contribuciones para el desarrollo de la teoría de gestión, en lo que respecta al uso de la teoría de la agencia en escenarios con tríadas. Esta investigación presenta la posibilidad de explicar una relación a tres partes tan particular como lo es cliente-headhunter-candidato en el marco de una teoría (Agencia) más realista en el contexto descrito. Esta tesis también ofrece contribuciones en el campo de la Gestión de Recursos Humanos. Otra contribución importante que este estudio proporciona se refiere a los practicantes en la profesión de búsqueda de ejecutivos y las personas que los utilizan a estos como una salida para desarrollar sus carreras.

a. Importancia de estudiar la triada Cliente-Headhunter-Candidato

Uno de los más grandes desafíos para las organizaciones es el manejo del talento en el mercado laboral moderno (Cappelli, Keller 2014b). El mercado laboral actual incluye movilidad de individuos cualificados (Hamori 2010). Por consiguiente, el conocer como esa movilidad sucede es importante para las empresas. Esta movilidad en muchos casos está relacionada a la intervención de los headhunters (Clerkin, Lee 2010). Los headhunters son parte de esta relación tripartita o triada desarrollada entre clientes que buscan un talento con un perfil particular y potenciales candidatos con ese talento, que sin la intervención de los headhunters sería muy probable que estos no se conecten.

La definición por parte de Simmel (1950) de una triada como una relación de tres ha sido importante como marco en el entendimiento de las relaciones de negocios. Estas relaciones

implican individuos comúnmente conocidos en el mundo de los negocios como bróker o intermediarios. El trabajo de Simmel es reconocido como el punto de partida en el desarrollo de las tipologías individuales de los participantes en las triadas. Su investigación y conceptualización define el rol de los headhunters como “Tertius Gaudens”, en otras palabras un tercero que puede capitalizar de las diferencias entre otros dos. Sin embargo, otros desarrollos en este tópico han generado estrategias de como sobreponerse a estos intermediarios usando coaliciones (Caplow 1968) entre las otras dos partes.

Desafortunadamente, siendo esta relación entre las tres partes consecuencia de la ignorancia o desconocimiento de la existencia del otro (en muchos de los casos), donde solo el headhunter conoce a los otros dos, una posible coalición es poco imposible por la no orientación de una meta común (Porter 1970). Quiero enfatizar que el desconocimiento de los otros no es la única casusa de esta relación, situación que desarrollo en los capítulos dos, tres y cuatro.

En una investigación contemporánea realizada por Britton, Wright y Ball (2000), en la que la relación estudiada es igual en la presente investigación, los autores utilizaron teoría de la coordinación como marco teórico. Consecuentemente, su investigación considera que todas las partes involucradas en la relación deben de tener objetivos alineados para lograr metas comunes. Esto les hace caer en la misma problemática presentada anteriormente por Porter (1970). En la misma línea de analizar relaciones de triadas, Khurana (2002) añade a la tipología de Simmel un más profundo entendimiento de los intermediarios. En su investigación Khurana claramente plantea como los intermediarios (en nuestro caso los headhunters) juegan un papel importante en la reducción de informaciones asimétricas entre las otras partes en cuestión.

Tomando en cuenta los argumentos e investigaciones anteriores, se obserban brechas en el entendimiento de cómo funciona una triada, y sobre cuál es el verdadero rol del headhunter en la misma, no queda claro si su rol es como el mencionado en la descripción de Simmel como

Tertius Gaudens o de intermediario como lo denomina Khuruna. EL conocer cómo funciona una triada ayudaría a clarificar a todas las partes que intervienen en esta relación como pueden las mismas intervenir y aprovechar un mejor posicionamiento en esta.

b. Importancia de estudiar la relación Cliente-Headhunter-Candidato usando teoría de la agencia

Los profesionales como agentes han sido investigados usando agencia como esquema teórico (Sharma 1997). Sin embargo, la importancia considerada por Sharma (1997) para estudiar a estos se conecta a una precondition de “conocimiento” como elemento en una relación de intercambio, haciendo que estos tipos de situaciones de agencia difieran de otras tipologías más tradicionales. A este punto considero vital dar una explicación general de la teoría de la agencia. No obstante, en cada uno de los próximos capítulos, este marco teórico es bien desarrollada, adaptándolo al contexto de las partes que intervienen.

La teoría de la agencia se define como la situación donde un Individuo (Principal) contrata a otro (Agente) para actuar o decidir en nombre del primero para realizar una tarea o actividad (Ross 1973b). Sin embargo, un importante elemento que considera esta teoría es la información asimétrica. Esta se define como un desbalance de información entre el principal y el agente (o las partes que intervienen en la relación) (Arrow 1963). Basado en esta limitación de información entre las partes tanto el Principal como el Agente pueden actuar a su propia discreción asumiendo riesgos en nombre del otro (Jensen, Meckling 1976), situación denominada Daño Moral (Arrow 1965). En algunos otros casos en función de la imitación de información el agente tomo una decisión equivocada en nombre del Principal; este tipo de información asimétrica se denomina Selección Adversa (Akerlof 1970). Para evitar estas situaciones previas, la teoría propone el uso de contratos que limiten las acciones y premiar o recompensar el adherirse a este intercambio siguiendo estos acuerdos.

Con intención de reducir esta información asimétrica, existen alternativas definidas

“Señalización” o Signaling (en inglés) y “Proyección” o Screening (en inglés). Señalización es un tipo de información compartida en forma de señales (Spence 1973). Esta es enviada por una de las partes a las otras, modificando la conducta del o los receptores. Proyección es una técnica usada por agentes económicos para obtener información de sus contrapartes con la intención de minimizar asimetrías de información (Stiglitz, Weiss 1992).

Un artículo fundamental que se ha considerado pilar fundamental en esta tesis, es el concerniente con la investigación realizada por Eisenhardt (1989). En este artículo, la autora plantea lo que es conocido como supuestos de la teoría de la agencia, siendo estos supuestos individuales y organizacionales. Los supuestos individuales son interés propio, racionalidad limitada y aversión al riesgo. El interés propio es la descripción dada al porque individuos tienden a tomar decisiones basadas en sus propios intereses. Racionalidad limitada es la descripción que se le da al como los individuos nunca hacen decisiones perfectas porque existe información relacionada a esa decisión, no conocida por ellos. Aversión al riesgo es una conducta humana que sucede cuando los individuos están expuestos a resultados con incertidumbre. Por lo que los individuos tienden a escoger la decisión que con menor riesgo a conseguir el menos desconocido. La tabla 1 describe, en esencia, el esquema de la teoría de la agencia.

Tabla 1 Esquema de la Teoría de la Agencia.

Idea Principal	Relaciones principal-agentes deben reflejar organización eficiente de la información y los costes de riesgo asociado.
Unidad de Análisis	Contrato entre el Principal y el Agente
Supuestos Humanos	Interés Propio, racionalidad limitada y aversión al riesgo
Supuestos Organizacionales	Conflicto parcial de objetivos entre los participantes. Eficiencia como el criterio de eficacia. Información asimétrica entre principal y agente.
Supuesto sobre la información	La información como un bien adquirible
Problemas de contratación	Agencia (daño moral y selección adversa) Riesgos compartidos
Dominio del problema	Las relaciones en las que el principal y el agente que tienen diferentes metas y preferencias de riesgo (por ejemplo, la compensación, la regulación, el liderazgo, la gestión de la influencia o impresión, la denuncia de irregularidades, de integración vertical, los precios de transferencia)

Fuente: Eisenhardt, 1989.

Los supuestos organizacionales son: conflicto parcial de objetivos entre los participantes, eficiencia como el criterio de eficacia e información asimétrica entre principal y agente. El conflicto parcial es la situación en la cual algunos objetivos pueden ser compartidos por los participantes. Sin embargo, otros objetivos no por lo que son de agendas individuales de cada una de las partes. Por lo que, en algunos casos el principal y el agente pondrán sus objetivos personales sobre los acuerdos comunes. En lo que respecta a eficiencia como criterio de efectividad, es el cómo las partes establecen la mejor y más eficiente manera de crear elementos contractuales que sean beneficiosos para ambos.

Estos supuestos se explican con detalle a lo largo de los capítulos 2, 3 y 4. Por lo que los conceptos teóricos presentados son solo una introducción al marco teórico desarrollado posteriormente. El simple propósito a este punto es permitir la comprensión de la triada en cuestión.

En consideración a los conceptos de agency expuestos con anterioridad, hay una relación de agencia entre los clientes y los headhunters. Esta relación tiene un elemento contractual como lo define la teoría. Aunque, en el caso del tercero en la presente triada (el candidato) no hay un contrato “de jure” con el headhunter. Aquí se plantea un contrato con similitudes a los contratos psicológicos planteados por Rousseau (1989). En otras palabras, una forma de contrato que no es escrita, en la que se valora más el elemento de temporalidad de la relación y la definición de responsabilidades en alcanzar los objetivos.

Por otra parte, otro elemento en esta materia es el nivel de dependencia desarrollado por el principal y el agente con el candidato. Este último, podría modificar el resultado del proceso en cualquier momento. Los candidatos en un punto se transforman en principales de la triada, sometiendo al agente a un segundo grupo de controles, esto se denomina doble agencia (Child, Rodrigues 2003).

Situaciones similares han sido analizadas usando teoría de la agencia y triadas. Por ejemplo, esto se ha documentado en el sector de servicios de marketing (Tate, Ellram et al. 2010), y en la industria de la construcción (van der Valk, van Iwaarden 2011). Sin embargo, el principal argumento que aquí se utiliza para soportar lo particular de este trabajo en comparación a los otros citados, es que los candidatos son los “vendedores” y “activo”, pero antes que eso son seres humanos. En consideración a las características de estos individuos su importancia en la triada es incalculable, sus decisiones tienen efectos en sus vidas profesionales futuras.

Por lo anteriormente dicho, mantener investigación en las triadas de negocios usando teoría de

la agencia provee contribuciones más realísticas que otras teorías que consideran logros y metas comunes como supuestos de una triada.

c. Importancia de estudiar los procesos de búsqueda ejecutiva usando terceros, para efectos del reclutamiento y selección y el desarrollo de carrera

Hacia finales de la década de los ochentas, el reclutamiento y otras prácticas de contratación cambiaron (Bonet, Cappelli et al. 2013). Un cambio de las formas tradicionales en el reclutamiento hacia el uso de intermediarios, es uno de estos. Las firmas de búsqueda ejecutivas o headhunters (cazatalentos en español) están dentro de esos intermediarios. Estas son firmas o “agentes, los cuales reciben pagos de clientes, empresa u organizaciones para ayudarles a atraer, contratar y desarrollar líderes” (Piccolo 2012).

Un reporte presentado en el 2014 por la empresa Bullhorn (Tecnología de la información y soluciones de software para sector de la contratación de personal) expreso que desde el 2010 al 2014, 70% o más entre los encuestados (n=1337, compañías de búsqueda de personal), lograron o excedieron sus metas de ingresos (EEUU y Canadá). Otro reporte (American Staffing Association (ASA) 2014) relacionado al mismo sector refleja que más allá de los últimos años de recesión económica, ha existido un “crecimiento vigoroso” en el sector de la búsqueda de personal. Junto con estas importantes referencias, compañías como Korn Ferry, Boyden, Egon Zehnder, Heidrick & Struggles entre muchas otras con larga experiencia en este sector de servicios se han transformado en empresas globales (Garrison 2005), sugiere que los procesos de búsqueda ejecutiva son una práctica que impacta a las empresas alrededor del mundo. Estas empresas se han llegado a involucrar en mercados no tradicionales como la educación superior y las empresas sin fines de lucro, ejecutando búsquedas en posiciones de liderazgo.

El crecimiento de las firmas de búsqueda ejecutiva mencionado anteriormente y el alto nivel

de globalización de estas empresas (Hall, Beaverstock et al. 2009) obliga a la comunidad académica a mantener la investigación para este importante sector.

La automatización de las funciones de recursos humanos o E-HRM es una gran tendencia en las organizaciones en contextos globales (Davila, Elvira et al. 2007, Panayotopoulou, Vakola et al. 2007). Sin embargo, en el caso del reclutamiento y selección depende de gente, principalmente en candidatos activos (gente buscando empleo). Como aquí se explican y se dan evidencia los headhunters en muchos casos consideran entre sus candidatos personas que no están buscando empleo. Por lo que, es importante mantener líneas de investigación en el sector que motiva en parte la movilidad de los candidatos.

Otra manera de entender como trabajos los headhunters es verlos como intermediarios que son capaces de crear igualdad entre organizaciones que buscan individuos particulares, con características difíciles de conseguir, y estos mismos individuos (Hamori 2010). Usar a estos intermediarios para realizar este emparejamiento podría ser costoso. Sin embargo, por el nivel de especialización que algunas de esas posiciones requieren, una firma de búsqueda ejecutiva puede ser rentable (Adler 2003).

Finalmente, en relación a las investigaciones previas de desarrollo de carrera (Dreher, Lee et al. 2011, Hamori, Kakarika 2009, Hamori 2010, Hamori, Cao et al. 2012), estas han demostrado lo beneficioso que puede ser para los candidatos el participar en búsquedas por medio de headhunters. Estos candidatos pueden desarrollar carrera y tener mayor movilidad que aquellos que no los usan. Por esto, el entender a través de investigación como los candidatos interactúan durante los procesos de búsqueda ejecutiva podría ser importante.

d. Importancia de estudiar los procesos de búsqueda ejecutiva usando intermediarios para la comunidad de profesionales

Las firmas de búsqueda ejecutiva o headhunters son empresas de servicios que han sido incluidas en las que participan de “mercado de acceso irrestricto o contestable” (Britton, Clark

et al. 1992). Estos son mercados en los cuales hay bajas barreras de entrada y salida, costos hundidos e igualdad de condiciones en el acceso a la tecnología para nuevos o actuales participantes (Baumol 1982). Pareciera que por estas características además de la confidencialidad (Byrne 1986, Jones 1989) que históricamente ha rodeado a este grupo, podría ser una ocupación con bajo nivel de profesionalismo.

Sin embargo, se puede apreciar como la Asociación de firmas de búsqueda ejecutiva y consultores en liderazgo (organización internacional de reclutadores ejecutivos) se han asociado con las más prestigiosas escuelas de negocios incorporando a sus exalumnos para ofrecerles posibilidades de estrategia en manejo de carrera (Association of Executive Search and Leadership Consultants (AESC) NAb). Además, ellos han desarrollado un programa de certificación avanzada para formar profesionales en la búsqueda ejecutiva a través de la Universidad de Cornell y su escuela de Relaciones Laborales e Industriales (Association of Executive Search and Leadership Consultants (AESC) NAa).

Estas señales de los profesionales en el área, como el desarrollo de competencias en búsquedas ejecutivas y la creación de sinergias con escuelas de negocios es prueba de que hay un incremento en los niveles de profesionalismo en esta actividad, haciéndose proveedores de servicios más respetables.

Estos elementos discutidos previamente permiten considerar, cuán importante es y debería de ser para la academia en desarrollar más investigación que explique en detalle los procesos y características de este sector. A través del sustento de investigaciones en este sector, esto eventualmente se transformar en la creación de cursos académicos formales. Consecuentemente, entrenamiento de futuros profesionales, normalizando las operaciones y procesos, simplificando la tarea a estos profesionales.

B. PREGUNTA DE INVESTIGACIÓN Y CONTRIBUCIONES

a. Pregunta de Investigación

La principal pregunta de investigación abordada en esta investigación es el siguiente:

¿Qué argumentos y supuestos de la Teoría de Agencia proporcionan comprensión de la relación cliente-headhunter-candidato como una tríada?

Para responder a esta pregunta Yo realice dos revisiones teórico contextual y una investigación empírica. En la primera revisión, yo examine a manera general a los headhunters como bisagra de esta relación, adaptando parcialmente la metodología usada por Armenakis & Bedejan (1999). Construyendo sobre varias características, y procesos documentados e identificados de la industria del headhunting (Byrne 1986, Dingman 1993, Garrison 2005) soy capaz de usar los argumentos y supuestos de la teoría de la agencia para explicar situaciones como los tiempos en los procesos de búsqueda, la confidencialidad, la información asimétrica creada por el cliente, y la perspectiva del candidato en esta relación.

En el segundo análisis teórico contextual, yo reviso la relación cliente-headhunter. Considerando de que esta relación es escenario natural de Principal-Agente (Stiglitz 1987), tome un abordaje similar a la revisión anterior. En este segundo cuerpo de contenido, Yo considero situaciones donde el cliente produce (consciente o inconscientemente) información asimétrica. Además se exploró las maneras en que los clientes evalúan los servicios provistos por el headhunter y la problemática de Doble Principal. Para culminar esta sección yo argumentó el concepto de perfil oculto propuesto.

Sistemáticamente, y considerando que ya he afrontado la relación cliente-headhunter, tenía sentido considerar la otra parte de la triada. En la investigación empírica, escogí revisar la relación headhunter-candidato desde la percepción de este último, usando como variables

dependientes los resultados obtenidos de esta relación con el reclutador. Estos resultados como explico están alineados con los recientemente considerados en la literatura de recursos humanos (Saks, Zikic et al. 2015) adaptándolos al contexto señalado. Yo contemplé esto como manera lógica para completar la investigación de esta triada.

En la parte empírica mencionada incluye como punto de partida la condición de empleo de las candidatas (Hamori 2010, Sonnenfeld, Ward 2008) que se han relacionado con headhunters. Esa condición de empleo o estatus es usada como antecedente de la información compartida entre candidatas y headhunters, los esfuerzos hechos por el candidato durante la relación y la percepción del tipo de contrato que yo planteo existe entre ellos. Estas tres variables son comprobadas con los resultados logrados por el candidato. Los resultados de este capítulo proveen evidencia de que existen elementos del contrato psicológico en esta relación, pero además soporta la idea que los esfuerzos en búsqueda de empleo por el candidato durante sus interacciones con el cazatalentos están relacionados con los logros obtenidos.

b. Contribuciones

Esta disertación provee contribuciones para el desarrollo de la teoría gerencial vinculadas al uso de la teoría de la agencia en escenarios de triadas. En primer lugar la investigación presentada puede identificar algunas situaciones que existen en el contexto de las búsquedas ejecutivas usando headhunters, y explica estas bajo la teoría de la agencia, enfoque nunca se había realizado en el contexto de una triada. Segundo, porque mantiene una línea de investigación relacionada al concepto de “Doble Agency” en el sector servicio, con la particularidad que en la triada que yo menciono en la disertación el activo principal de intercambio es un ser humano, el cual tiene relevancia y decisión en el proceso. Considero que esta disertación está alineada con otras investigaciones previas que combinan teoría de agencia y resultados conductuales (Wiseman, Gomez-Mejia 1998). Sin embargo, en mi caso el contexto es un proceso en el cual hay tres participantes y se relaciona con el sector servicios.

Ultimadamente, la contribución teórica más grande de esta investigación es la posibilidad de explicar una triada de negocios tan particular como lo es cliente-headhunter-candidato bajo una teoría (agencia) más realista en el contexto descrito.

Esta tesis además provee contribuciones en el campo de la gestión de recursos humanos. Primero, porque ofrece una revisión académica del proceso de búsqueda ejecutiva usando intermediarios. Segundo, esta explora más en profundidad el uso de proveedores en procesos como lo son reclutamiento y selección. Tercero, porque sugiere conceptos como el de “Autoridad de Contratación” y el del “Perfil Oculto” las cuales se relacionan con problemáticas de los recursos humanos. Cuarto, porque explica el rol de las unidades de recursos humanos las cuales pueden jugar un papel positivo o no en los procesos de búsqueda ejecutiva. Finalmente, identifica un grupo de situaciones que afectan negativamente la interacción con headhunters.

Otro aporte importante que este estudio provee se relaciona a los practicantes o profesionales de las búsquedas ejecutivas, y los de los individuos que usan a estos para desarrollar sus carreras profesionales. La mayoría de la investigación disponible a los profesionales de esta área tiende a ser hecha por las mismas firmas de búsqueda ejecutiva, agrupaciones gremiales y proveedores de este sector. Por lo que, in muchos casos, yo planteo que pueden tener algún nivel de subjetividad. Esta es una de las pocas investigaciones que ha considerado a los candidatos como principal fuente de información.

Entender algunas de las percepciones que tienen los candidatos en el proceso, y sus posiciones en función a la relación que desarrollan con los cazatalentos, se puede proveer soluciones a problemas en la misma y seguir reduciendo las brechas de información entre los participantes.

Finalmente, pero no menos importante esta disertación ha servido para plantear una agenda de investigación personal en este tópico, y construir una fuerte red de investigadores y

colaboradores con los cuales actualmente estoy desarrollando otras investigaciones.

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